

TRUST DEED

CONSTITUTING

FIRST HABIB STOCK FUND

Between

Habib Asset Management Limited

AND

Central Depository Company of Pakistan Limited

First Habib Stock Fund

Clause

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NAME OF THE SCHEME:

First Habib Stock Fund (FHSF)

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PARTICIPANT PARTIES AND CONSTITUTION OF THE TRUST.

This Trust Deed is made and entered into at Karachi, on this 21st day of August 2008.

BETWEEN

- (a) Habib Asset Management Ltd., a company incorporated in Pakistan under the Companies Ordinance 1984 having its registered office at 1st Floor Imperial Court, Dr. Ziauddin Ahmed Road, Karachi (hereinafter called the "Management Company" which expression where the context so permits shall include its successors in interest and assigns) of the one part;

AND

- (b) Central Depository Company of Pakistan Limited (CDC) a public limited company incorporated in Pakistan under Companies Ordinance 1984 having its registered office at CDC House, 99-B, Block B, S.M.C.H.S., Main Shahra-e-Faisal, Karachi-74400 (hereinafter called the "Trustee" which expression where the context so permits shall include its successors in interest and assigns) of the other part.

WHEREAS;

- i. The Management Company has been incorporated and registered as an Asset Management Company under the Non-Banking Finance Companies Rules, 2003 (hereinafter referred to as the "Rules") for the purpose of undertaking Asset Management Services. Licence No. NBFC-II/28/HAML/AMS/16/2008 dated May 30, 2008 is attached hereto as Annexure "A".
- ii. The Management Company has been authorized by the Securities and Exchange Commission of Pakistan (hereinafter referred to as the "Commission") vide its letter No. SEC/NBFC-II/VS/HAML/601/2008, dated August 11, 2008, appended hereto as Annexure "B" to constitute a Trust under the name and title of **First Habib Stock Fund** as an open end Scheme (hereinafter referred to as the "Unit Trust" or "Trust" or Scheme or "Fund" or "FHSF") and to register this Trust Deed, pending authorization for the establishment and operation of the Scheme in accordance with the provisions of the Rules and Regulations, this Deed and Offering Document.

- iii. The Management Company has nominated and appointed the CDC as Trustee of the Scheme and the Trustee has accepted such appointment upon the terms and conditions contained in this Deed and the tariff structure as per Annexure "C".
- iv. The Commission has approved the appointment of Trustee, vide letter No. NBFC-II/VS/HAML/619/2008 dated August 13, 2008 appended hereto as Annexure "D".

NOW THE TRUST DEED WITNESSES AND IT IS HEREBY DECLARED AS FOLLOWS

DECLARATION OF TRUST

It is hereby declared, that an Open End Mutual Fund in the form of a Unit Trust in the name and title of First Habib Stock Fund is hereby created and the Management Company is hereby appointed to establish, manage, operate and administer the said Unit Trust and the Trustee is hereby nominated, constituted and appointed as the Trustee of the Unit Trust. The Management Company and the Trustee hereby agree to such appointment subject always to the provisions of this Deed and the Rules and Regulations and further declare:

- (a) The Trustee shall hold and stand possessed of the Trust Property that may from time to time hereafter be vested in the Trustee upon trust as a single fund for the benefit of the Unit Holder(s) ranking pari passu inter se according to the number of Units held by each Unit Holder;
- (b) The Management Company shall establish, manage, operate and administer the Fund in accordance with the provisions contained and the conditions stipulated in this Deed, the Rules, Regulations, Offering Document and any conditions which may be imposed by the Commission from time to time.
- (c) The Trust Property shall be invested or disinvested from time to time by the Trustee at the instructions of the Management Company strictly in terms of the provisions contained and the conditions stipulated in this Deed, the Offering Document, the Rules, Regulations, and the conditions (if any) which may be imposed by the Commission from time to time, and;

3 GOVERNING LAW AND JURISDICTION

- 3.1 This Deed shall be subject to and be governed by the laws of Pakistan, including the Ordinance, the Rules, Regulations and all applicable laws and Regulations and it shall be deemed for all purposes whatsoever that all the provisions required to be

contained in a Trust Deed by the Rules and Regulations are incorporated in this Deed as a part and parcel thereof and in the event of any conflict between this Deed and the provisions required to be contained in a Trust Deed by the Regulations, the latter shall supercede and prevail over the provisions contained in this Deed unless a waiver has been obtained from the Commission. The Trustee shall be authorized to execute and the Management Company and the Trustee shall execute supplementary Trust Deed (s) for the purpose of ensuring that the provisions of the Trust Deed do not conflict with the Rules, Regulations or any applicable law and are in line with the Rules and Regulations or the law. The Scheme shall also be subject to the Rules and Regulations framed by the State Bank of Pakistan (SBP) with regard to the foreign Investments made by the Scheme and Investment made in the Scheme from outside Pakistan in foreign currency.

- 3.2 Subject to the Arbitration Clause 37 hereafter, applicable between the Management Company and the Trustee inter se, each party, including the Unit Holders irrevocably submit to the exclusive jurisdiction of the Courts at Karachi.
- 3.3 The Investments made in offshore countries and the Bank Accounts and custodial services accounts that may be opened by the Trustee for the Scheme in any offshore countries on the instructions of the Management Company may become subject to the laws of such countries.
- 3.4 Furthermore, the Scheme shall also be subject to the Regulations framed by the State Bank of Pakistan and the Commission with regard to the foreign Investments made by the Scheme or in the Scheme.

4 EFFECT OF THIS DEED, STATUS OF UNIT HOLDER(S)

4.1 Deed Binding on Each Unit Holder

The terms and conditions of this Deed and any Deed supplemental hereto after prior approval of the Commission shall be binding on every Unit Holder as if he had been a party to this Deed and every Unit Holder authorizes and requires the Trustee and the Management Company to do as required of them by the terms of this Deed, the Rules and the Regulations.

4.2 Unit Holder(s) not Liable to Make Further Payments

The Unit Holder is not liable to make any further payment after he has paid the purchase price of Units and that no further liability can be imposed on him in respect of the Units which he holds.

4.3 Units to rank Pari Passu

All Units and fractions thereof represent an undivided share in the Fund and shall rank pari passu according to the number of Units held by each Unit Holder, including as to the right of the Unit Holder in the Net Assets earning and receipts of income distributions. Every Unit Holder has a beneficial interest in the Fund proportionate to the Units held by him and shall have such rights as are set out in Trust Deed and Offering Document.

4.4 Trustee to Report to the Unit Holder(s)

The Trustee shall report on all matters provided in the Regulations, including all matters in which it is required to issue a report under the Trust Deed, Offering Document and the Regulations, to the Holders including a report to be included in the annual report and second quarterly report on whether in its opinion, the Management Company has, in all material respect, managed the Trust Property in accordance with the provisions of the Regulations, the Trust Deed and Offering Document. And if the Management Company has not done so, the respect in which it has not done so and the steps the Trustee has taken in respect thereof. The Trustee shall be entitled to require the Auditors to provide such reports as may be agreed between the Trustee and the Management Company as may be considered necessary to facilitate the Trustee in issuing the certification required under the Regulations. The Trustee shall endeavor to provide the certification at the earliest date reasonably possible.

4.5 Core Units

Core Units subscribed by the Core Investors shall be offered and subscribed at par and shall not be redeemable (but are transferable and will be notified the same to the Trustee) for a period of two years from the close of Initial Offer Period. A mention of such restriction and its termination date shall be entered into the Unit Holders' Register.

5. INVESTMENT OBJECTIVES AND INVESTMENT POLICY

5.1 Investment Objectives

The objective of First Habib Stock Fund (FHSF) is to provide investors with long term capital growth from an actively managed portfolio invested primarily in diversified pool of listed equities and related instruments.

5.2 Investment Policy

The Fund will primarily focus on Investment in undervalued shares listed on Stock Exchanges. From time to time the Fund may invest in money and debt markets, Continuous Funding System, ready future spread transactions, fixed income securities or low risk assets when it has a bearish view on stock market.

6. ROLE, DUTIES AND POWERS OF MANAGEMENT COMPANY

6.1 The Management Company shall comply with the provisions of the Rules, Regulations, Circulars and the Constitutive Documents for any act or matter to be done by it in the performance of its duties and such acts or matters may also be performed on behalf of the Management Company by any officer or responsible official of the Management Company or by any nominee or agent appointed by the Management Company and any act or matter so performed shall be deemed for all purposes of this Deed to be the act of the Management Company.

6.2 The Management Company shall be responsible for the acts and omissions of all persons to whom it may delegate any of its functions as manager as if these were its own acts and omissions and shall account to the Trustee for any loss in value of the Trust Property, where such loss has been caused by its negligence, reckless or willful act and / or omission.

6.3 The Management Company shall manage the Trust Property in the interest of the Unit Holders in good faith and to the best of its ability and without gaining any undue advantage for itself, for any of its officers or any of its Connected Persons, and subject to the restrictions and limitations as provided in the Constitutive Documents and the Rules and Regulations. The Management Company shall not be liable for

any loss caused to the Trust or to the value of the Trust Property due to any elements or circumstances beyond its reasonable control.

- 6.4 The Management Company may from time to time appoint, remove or replace the Transfer Agent under intimation to the Trustee.
- 6.5 The Management Company shall provide the Trustee with regular reports indicating dividend / bonus; other forms of inflows or any rights or warrants relating to the Investments that are due to be received.
- 6.6 The Management Company shall make available or ensure that there is made available to the Trustee such information as the Trustee may reasonably require in respect of any matter relating to the Trust.
- 6.7 The Management Company shall not be under any liability except such liability as may be expressly assumed by it under the Rules, Regulations, Circulars and the Constitutive Documents nor shall the Management Company (save as herein otherwise provided) be liable for any act or omission of the Trustee nor for anything except its own negligence or willful breach of duty hereunder. If for any reason it becomes impossible or impracticable to carry out the provisions of the Constitutive Documents the Management Company shall not be under any liability therefore or thereby and it shall not incur any liability by reason of any error of law or any matter or thing done or suffered or omitted to be in good faith hereunder.
- 6.8 The Management Company shall maintain at its principal office, proper accounts and records to enable a complete and accurate view to be formed of the assets and liabilities and the income and expenditure of the Scheme, all transactions for the account of the Scheme and amounts received by the Scheme in respect of issue of Units and paid out by the Scheme on redemption of Units and by way of distribution.
- 6.9 The Management Company shall, from time to time, advise the Trustee of the settlement instructions relating to any Investment/disinvestments transactions entered into by it on behalf of the Trust. The Management Company shall ensure the settlement instructions are given promptly after entering into the transaction so as to facilitate timely settlement.

- 6.10 The Management Company shall if it considers necessary request the Trustee, for the protection of Trust Property or safeguarding the interest of the Unit Holders, to institute or defend any suit, proceeding, arbitration or inquiry or any corporate or shareholders' action in respect of the Trust Property or any part thereof on account of the Trust Property and subject to indemnification as provided in clause 8.10.
- 6.11 The Management Company has the primary responsibility for all record keeping, regular determination and announcement of Unit prices and for producing financial reports from time to time as provided in the Rules and Regulations and this Deed.
- 6.12 The Management Company shall prepare and transmit (physically or through electronic means on the web subject to Commission's approval) the annual report, together with a copy of the balance sheet, income and expenditure account, cash flow statement and statement of movement in Unit Holders' Fund and the Auditors report of the Scheme within the prescribed period as required under the Rules and Regulations of the closing of the Accounting Period or such extended period permissible under the Rules, to the Unit Holders, the Commission, and the Trustee, and the balance sheet and income and expenditure accounts shall comply with the requirements as set out in the Regulations.
- 6.13 The Management Company shall within one month of the close of the first and third quarter and within two months of the close of the first half (6 months) of each Accounting Date (subject to limited scope review by Auditors) of the Trust or such extended period permissible under the Rules/ Regulations, prepare and transmit (physically or though electronic means or on the web subject to the Commission's approval) to the Unit Holders, the Trustee and the Commission, balance sheet as at the end of that quarter, profit and loss account, cash flow statement and a statement of changes in equity for that quarter.
- 6.14 The Management Company shall maintain a register of the Unit Holders through registrar or itself and inform the Commission of the address where the Register is kept.
- 6.15 The Management Company shall appoint with the consent of the Trustee, at the establishment of the Scheme and upon any vacancy, an Auditor who shall be chartered accountant and independent of the Auditor of the Management Company as per Rules and Regulations.

- 6.16 the Management Company may appoint Investment advisors to assist in investing and managing the assets of the Scheme or to invest and manage part or whole of the assets of the Scheme abroad, at its own cost and discretion, provided that the Management Company will be responsible for all acts of such Investment advisers. The advisor or Custodian or trustee shall be of good standing and if so required licenced/registered in the relevant jurisdiction.
- 6.17 the Management Company may in consultation with the Trustee further appoint advisors and professionals other than mentioned in above in offshore countries for making Investments in offshore countries and/or for issuing Units to the investors in the offshore countries to determine the legal and regulatory requirements to be fulfilled by the Scheme, the Management Company and the Trustee and their respective obligations in relation thereto.
- 6.18 The Management Company shall develop criteria for appointing a diverse panel of Brokers and monitoring compliance thereof to avoid undue concentration of business with any single Broker
- 6.19 The Management Company shall be obliged to obtain a rating of the Scheme, once the Scheme becomes eligible for ratings as per the rating criteria of the rating agency. Such rating shall be updated at least once every Accounting Period and also published in the annual and quarterly reports of the Scheme
- 6.20 The Management Company shall provide the Trustee with regular reports indicating dividends, other forms of income or inflows, and any rights or warrants relating to the investments that are due to be received. The Trustee shall report back to the Management Company any such amounts or warrants that are received on such accounts from time to time.
- 6.21 The Management Company shall not;
- Merge with, acquire the management of another collective Investment Scheme, unless it has obtained the prior approval of the Commission in writing to do so;
 - pledge any of the securities held or beneficially owned by a collective Investment Scheme except allowed under the Regulations;

- accept deposits from the Scheme;
- make a loan or advance money to any person from the assets of the collective Investment Scheme;
- participate in a joint account with others in any transaction on behalf of the collective Investment Scheme;
- apply any part of assets of collective Investment Scheme to real estate;
- make any Investment of the collective Investment Scheme with the purpose of the effect of vesting the management, or control over the affairs, of investee company by the Management Company or its Group;
- enter into transactions with any Broker, which exceed ten percent of the Commission paid by a collective Investment Scheme in any one (1) accounting year; subject, however, that such Broker shall not have a common director, officer or employee with the Management Company;
- undertake Brokerage services on Stock Exchange or in the money market;
- enter into underwriting or sub underwriting contracts,
- maintain its own equity portfolio except for Investments made by Management Company into the collective Investment schemes or pension funds managed by it;

7. CHANGE OF MANAGEMENT COMPANY

- 7.1 The removal of the Management Company and appointment of a new management company shall always require the prior approval of the Commission and intimation of the same to the Trustee.

The Commission may remove the Management Company on its own or on recommendation of Trustee by giving at least ninety days notice for sub-clause (a) hereunder and immediate notice for sub-clauses (b) (c) and (d) hereunder in writing to the Management Company, if any of the following have occurred

- (a) The Management Company has willfully contravened the provisions of this Deed in any material respect and has failed to rectify the contravention within a reasonable period after the contravention has come to its notice by the Trustee and/or by the Commission;

- (b) The Management Company goes into liquidation (other than voluntary liquidation on terms previously agreed to with the Trustee for purpose of reconstruction and amalgamation);
 - (c) A receiver is appointed over any of the assets of the Management Company.
 - (d) If Management Company becomes ineligible to act as a Management Company of the Trust under the provisions of the Rules and Regulations or any other law for the time being in force.
- 7.2 The Management Company may voluntarily retire by giving at least ninety days notice at any time with the prior written consent of the Commission and the Trustee after giving a notice as per the Regulations.
- 7.3 If the Commission has cancelled the registration (license) of the Management Company under the provisions of the Regulations,, the Trustee shall appoint another asset management company as the management company for the Scheme according to the provisions of the Constitutive Documents and the Regulations with the approval of Commission.
- 7.4 Upon a new management company being appointed, the Management Company will take immediate steps to deliver all the documents and records pertaining to the Trust to the new management company and shall pay all sums due to the Trustee.
- 7.5 Upon its appointment the new management company shall exercise all the powers and enjoy all the rights and shall be subject to all duties and obligations of the management company hereunder as fully as though such new management company had originally been a party hereto.
- 7.6 Furthermore, the Trustee may immediately upon the issuance of notice of removal of Management Company appoint Auditors with the consent of the Commission from amongst the list of approved Auditors issued by the Commission from time to time.
- 7.7 The Auditors so appointed shall be other than the existing Auditors of the Fund, the Management Company and the Trustee.
- 7.8 The Auditors shall have the same scope as that for the annual audit, or such other enhanced scope as may be specified by the Trustee or Commission.

- 7.9 The report for the audit shall be submitted by the Auditors to the Trustee not later than thirty (30) Business Days from their appointment. A copy of the report shall also be provided to the Commission, the Management Company and the new management company.
- 7.10 The costs of the audit shall be shared equally by the outgoing Management Company and the new management company and the Fund.
- 7.11 Notwithstanding the removal/resignation of the Management Company and its subsequent discharge from its duties under this Trust Deed and the Regulations, the Management Company shall remain entitled to the benefits under the terms of this Trust Deed without prejudice to the Management Company's responsibility or obligation to liquidate any liability for which the Management Company may have become liable under this Trust Deed and/or the Regulations.

8 ROLE OF TRUSTEE

- 8.1 The Trustee shall comply with the provisions of the Trust Deed, Rules/ Regulations and the Constitutive Documents for any act or matter to be done by it in the performance of its duties and such acts or matters may also be performed on behalf of the Trustee by any officer or responsible official of the Trustee or by any nominee or agent appointed by the Trustee in consultation with Management Company:

Provided that the Trustee shall be responsible for the acts and omissions of all persons to whom it may delegate any of its duties, as if these were its own acts and omissions and shall account to the Trust for any loss in value of the Trust Property where such loss has been caused by negligence or any reckless or willful act and/ or omission of the Trustee or any of its directors, officers, nominees or agents.

- 8.2 The Trustee shall provide the Management Company with regular reports indicating dividends, other forms of income and inflows, and rights or warrants relating to the Investments that are due to be received.
- 8.3 The Trustee shall have all the obligations entrusted to it under the Rules/ Regulations, this Trust Deed and the Offering Document.

- 8.4 The Trustee shall exercise all due diligence and vigilance in carrying out its duties and in protecting the interests of the Holders. The Trustee shall not be under any liability on account of anything done or suffered by the Trust if the Trustee has acted in good faith in accordance with or in pursuance of any request of the Management Company provided they are not in conflict with the provisions of the Constitutive Documents or the Rules and Regulations. Whenever pursuant to any provisions of this Deed any Certificate, notice, direction, instruction or other communication is to be given by the Management Company to the Trustee, the Trustee may accept as sufficient evidence thereof:
- i. A document signed or purporting to be signed on behalf of the Management Company by any person whose signature the Trustee is for the time being authorised in writing by the Management Company to accept;
 - ii. Any instruction received Online through the software solution adopted by the Management Company for managing and keeping records of the Fund managed by the Management Company and to the satisfaction of the Trustee. The Management Company shall advise the Trustee of software solution adopted by the Management Company for the purposes hereof;
- 8.5 The Trustee shall carry out the instructions of the Management Company in all matters including Investment and disposition of the Trust Property, if such instructions are not in conflict with the provisions of the Constitutive Documents or the Rules or any applicable law and Regulations.
- 8.6 The Trustee shall nominate one or more of its officers to act as attorney(s) for performing the Trustee's function and for interacting with the Management Company.
- 8.7 The Trustee may, with the approval of the Management Company, from time to time appoint, remove or replace one or more Custodian for performing the Custodian Function at one or more locations, on terms and conditions to be agreed between the Custodian and the Trustee and approved by the Management Company, provided however, the Trustee may also itself provide custodial services for the Trust with the approval of the Management Company at competitive terms as part of its normal line of business.

- 8.8 The Trustee shall make available or ensure the availability of such information as the Management Company may reasonably require from time to time in respect of the Trust Property and all other matters relating to the Scheme/Fund.
- 8.9 The Trustee shall report on all matters provided in the Rules or/and Regulation and shall issue to the Unit Holders a report on all the matters in which it is required to issue a report under the Constitutive Documents and the Rules/ Regulations to the Unit Holders including a report to be included in the annual report and second quarter report whether in its opinion, the Management Company has in all material respects managed the Scheme in accordance with the provisions of the Rules/ Regulations and the Constitutive Documents and if the Management Company has not done so, the respect in which it has not done so and the steps the Trustee has taken in respect thereof.
- 8.10 The Trustee shall, if requested by Management Company, institute or defend any suit, proceeding, arbitration or inquiry or any corporate or shareholders' action in respect of the Trust Property or any part thereof, with full powers to sign, swear, verify and submit pleading and affidavits, to file documents, to give evidence, to appoint and remove counsel and to do all incidental acts, things and deeds through the Trustee's authorized person(s). All costs, charges and expenses (including legal fees) incurred in instituting or defending any such action shall be on account of the Trust Property and the Trustee shall (out of the Trust Property) be indemnified against all such costs, charges and expenses: Provided that no such indemnity shall be available in respect of any action taken against the Trustee for negligence or breach of fiduciary duties in connection with its duties as the Trustee under this Deed or the Rules. The Trustee and the Management Company shall not be liable in respect of any losses, claims, damages or other liabilities whatsoever suffered or incurred by the Trust arising from or consequent to any such suit, proceeding, arbitration or inquiry or corporate or shareholders' action or otherwise howsoever and (save as herein otherwise provided), all such losses, claims, damages and other liabilities shall be borne by the Trust.
- 8.11 The Trustee shall not be under any liability except such liability as may be expressly assumed by it under the Rules and this Deed nor shall the Trustee (save as herein otherwise provided) be liable for any act or omission of the Management Company or for anything except its own negligence or willful breach of duty hereunder. If for any reason it becomes impossible or impracticable to carry out the provisions of this

Deed the Trustee shall not be under any liability therefore or thereby and it shall not incur any liability by reason of any error of law or any matter or thing done or suffered or omitted to be done in good faith hereunder.

Notwithstanding removal / resignation of Trustee, the Trustee shall remain entitled to the benefit of this clause.

- 8.12 The Trustee shall promptly forward to the Management Company in a timely manner not later than two Business Days of receipt any notices, reports or other documents issued by the issuers of securities, recipients of any of the Trust funds (as deposits, refunds, distribution of dividends, income, profits, repayment of capital or for any other reason), any depository, an intermediary or agent in any transaction or from any court, government, regulator, Stock Exchange(s), clearing company, any other institution or any other party having any connection with the transaction. The Trustee shall promptly act on any instruction of the Management Company in all such matters relating to recovery of the Trust Property.
- 8.13 The Trustee shall provide proxies or other forms of powers of attorney to the order of the Management Company in not later than two Business Days with regard to any voting rights attaching to any Investment.
- 8.14 Any transaction between the Trust and the Management Company or any of the Connected Person as principal, shall only be made, if permissible under the Rules and regulation and with the prior written consent of the Trustee.
- 8.15 The Trustee shall be entitled to require the Auditors to provide such reports as may be agreed between the Trustee and the Management Company as may be considered necessary to facilitate the Trustee in issuing the Certificate required under the Rules. The Trustee shall endeavor to provide the certification at the earliest date reasonably possible.
- 8.16 The Trustee shall ensure that: (a) the sales, issue, repurchase, redemption, and cancellation of Units are carried out in accordance with the provisions of the Constitutive Documents and the Rules and Regulations; and (b) the methods adopted by the Management Company or any third party (on behalf of the Management Company) in calculating the value of the Units are adequate and in

accordance with the provisions of the Constitutive Documents and the Rules and Regulations.

- 8.17 The Trustee shall take into its custody or under its control all the property of the Scheme and hold it in trust for the Unit Holders in accordance with the Regulations and the provisions of this Trust Deed and the Offering Document and the cash and registerable assets shall be registered in the name of, or to the order of, the Trustee.
- 8.18 The Trustee shall invest the Trust Property from time to time at the direction of the Management Company strictly in terms of the provisions contained and the conditions stipulated in this Trust Deed, the Offering Document and, the Regulations and the conditions (if any) which may be imposed by the Commission from time to time
- 8.19 Neither the Trustee or the Custodian (if Trustee has appointed another person as Custodian) nor the Management Company or any of their Connected Persons shall sell or purchase or deal in the sale of any Investment or enter into any other transaction with the Scheme save in the capacity of an intermediary.
- 8.20 Subject to the Regulations, any transaction between the Scheme and the Management Company or any of their respective Connected Persons as principal shall only be made with the prior written consent of the Trustee.
- 8.21 The Trustee shall ensure that Units of the Scheme have been issued after realization of subscription money. For this purpose the Management Company shall provide the Trustee with the summary of Investments in the Scheme on regular basis.
- 8.22 The Trustee shall ensure that the Management Company has specified criteria in writing to provide for a diverse panel of Brokers at the time of offering of the Scheme and shall also ensure that the Management Company has been diligent in appointing Brokers to avoid undue concentration with any Broker.
- 8.23 The Trustee shall arrange for an annual system audit by its auditors and provide the report to this effect to the SECP and the Management Company, within three months of the close of the financial year.

9. CHANGE OF TRUSTEE

- 9.1 The Trustee shall not be entitled to retire voluntarily or otherwise except upon the appointment of a new trustee with the prior approval of the Commission. In the event of the Trustee desiring to retire, the Management Company within a period of three (3) months with the prior written approval of the Commission may by a Deed supplemental hereto under the seal of the Management Company to appoint a new trustee under the provisions of the Rules in place of the retiring Trustee and also provide in such Deed for the automatic vesting of all the assets of the Trust in the name of the new trustee.
- 9.2 If the Trustee goes into liquidation (other than for the purpose of amalgamation or reconstruction on terms previously agreed with the Management Company) or ceases to carry on business or a receiver of its undertaking is appointed or it becomes ineligible to act as a trustee of the Trust under the provisions of the Rules and Regulation, the Management Company shall forthwith by instrument in writing and with the prior written approval of the Commission remove the Trustee from its appointment under this Deed and shall by the same or some other instrument in writing simultaneously appoint as trustee some other company or corporation according to the provisions of the Rules and the Constitutive Documents as the new trustee.
- 9.3 The Commission may on its own or on the recommendation of Management Company remove the Trustee, after giving twenty-one days notice in writing to the Trustee on grounds of any material default or non-compliance with the provisions of the Constitutive Documents or the Rules and Regulations after giving an opportunity of being heard, and appoint another trustee provided such removal does not itself constitute admission of such default or non-compliance on part of the Trustee.
- 9.4 Upon the appointment of a new trustee, the Trustee shall immediately deliver and hand over all the documents and records to the new trustee and shall transfer all the Trust Property and any amount deposited in any Bank Account(s) to the new trustee and make payments to the new trustee of all sums due from the Trustee.
- 9.5 The new trustee shall exercise all the powers and enjoy all rights and shall be subject to all duties and obligations of the Trustee hereunder as fully as though such new trustee had originally been a party hereto.

- 9.6 Furthermore, the Management Company may immediately upon the issuance of notice of removal of Trustee appoint Auditors with the consent of the Commission from amongst the list of approved Brokers issued by the Commission from time to time.
- 9.7 The Auditors so appointed shall be other than the existing Auditors of the Fund, the Management Company and the Trustee.
- 9.8 The Auditors shall have the same scope as that for the annual audit, or such other enhanced scope as may be specified by the Management Company the Commission.
- 9.9 The report for the audit shall be submitted by the Auditors to the Management Company not later than thirty (30) Business Days from their appointment. A copy of the report shall also be provided to the Commission, the Trustee and the new trustee.
- 9.10 The costs of the audit shall be shared equally by the outgoing, Trustee and the new trustee and the Fund.

10. INVESTMENT OF TRUST PROPERTY, INVESTMENT RESTRICTIONS AND FINANCING ARRANGEMENTS

10.1 Investment of the Trust Property

- 10.1.1 During and prior to the commencement of the Initial Period the Trustee shall hold the Trust Property on deposit in a separate account with a schedule Bank or a financial institution having an Investment grade rating (rated by any credit rating agency approved / licensed by the Commission) and approved by the Management Company. After the Initial Period all cash, except in so far as such cash may in the opinion of the Management Company be required for transfer to the Distribution Account, shall be invested by the Trustee from time to time in such Authorized Investments as may (subject always to the provisions of this Deed, Offering Document of the Fund and the Rules/ Regulations) be directed by the Management Company.

- 10.1.2 Any Investment may at any time be realized at the discretion of the Management Company either in order to invest the proceeds in other Authorized Investments or to provide cash required for the purpose of any provision of this Deed or in order to retain the proceeds in cash or on deposit as aforesaid or partly one and partly another. Any Investment which ceases to be an Authorized Investment shall be realized and the net proceeds of realization shall be applied in accordance with this clause; provided that the Management Company may postpone the realization of such Investment if allowed by the Commission for such period as may determine to be in the interest of Holders.
- 10.1.3 The purchase or sale of any Investment in listed securities for the account of the Trust will be made on the Stock Exchanges through a Broker(s) who must be a member of the Stock Exchange, unless the Management Company is satisfied that it is possible and permissible under the Rules and Regulations to make such purchase or sale more advantageously in some other manner or reported on the Stock Exchange. The Brokers shall be appointed, from time to time, by the Management Company under intimation to the Trustee.
- 10.1.4 The Trust Property shall be subject to such exposure limits as are provided in the Regulations; subject to any exemptions that may be specifically given to the Fund by Commission provide that it will not be necessary for the Trustee to sell any Investment merely because limits are exceeded owing to bonus / right share or appreciation or depreciation in value of any Investment or redemption of Units, subsequent to the acquisition of such Investment. The Management Company shall comply with the exposure limits within three (3) months in case such limits are exceeded unless the said period of three (3) months is extended up to another three (3) months by the Commission on an application by the Management Company.
- 10.1.5 If and so long as the value of the Investment in a particular company or sector exceeded the exposure limit imposed in a particular company and sector by the Regulations; the Fund shall not purchase any further Investments in such company or sector, however this restriction on purchase shall not apply to any offer or right shares or any other offering if the Management Company is satisfied that accepting such offer is in the best interest of the Fund (Scheme). The Management Company shall comply with the exposure limits

within three (3) months in case such limits are exceeded unless the said period of three (3) months is extended up to another three (3) months by the Commission on an application by the Management Company. .

Subject to the Rules, Regulations and any other applicable law, the Management Company may, on behalf of the Scheme, write call options on any of the securities held in the portfolio, if there is a market based exit mechanism from options so written. The Management Company may also, on behalf of the Scheme, buy put options equivalent to any securities held in the portfolio. Under no circumstances shall the Management Company buy or sell options on behalf of the Scheme that result in an exposure beyond the number of underlying securities held in the portfolio of the Scheme. The Management Company may, however, buy or sell call or put options on one or more item (financial or otherwise) that in its opinion would act as a hedge against risk.

10.2. Investment Restrictions

10.2.1 The Trust shall not take exposure of more than,-

- (a) thirty five percent (35%) of Net Assets of the Scheme in any single group; and
- (b) ten (10%) percent of Net Assets of the Scheme at the time of taking exposure in listed group companies of the non Banking finance company holding license of asset management services and such exposure shall only be made through the secondary market.

10.2.2 The Trust will not at any time:

- (a) Invest in Real Estate (other than securities issued by Real Estate Companies).
- (b) Effect short sale in a security whether listed or unlisted.
- (c) Purchase any security in a forward contract.
- (d) Purchase any security on margin.
- (e) Acquire any security of which another Management Company managing a collective Investment Scheme is the issuer.
- (f) Issue at any time, without the prior approval of the Commission in writing, a senior security which is either stock or represents indebtedness.

- (g) Apply for de-listing from Stock Exchange, unless it has obtained prior approval of the Commission in writing to the Scheme of de-listing.
- (h) Invest in any security of a company if any director or officer of the Management Company owns more than five (5%) percent of the total amount of securities issued, or, the directors and officers of the Management Company own more than ten (10%) percent of those securities collectively.
- (i) Lend, assume, guarantee, endorse or otherwise become directly or contingently liable for or in connection with any obligation or indebtedness of any person.
- (j) Invest in Bearer Securities
- (k) Participate in a joint account with others in any transaction.
- (l) borrow, except with the approval of the Trustee, for meeting redemption request and such borrowing shall not exceed fifteen per cent (15%) of the total Net Assets of the Scheme at the time of borrowing and shall be repayable within a period of ninety (90) days

10.2.3 The Scheme/Fund shall not invest more than twenty-five percent (25%) of its Net Assets in securities of any one sector as per classification of Stock Exchange or such limits as may be prescribed under the Regulations. Further, the exposure of a Scheme in any single company shall not, at any time exceed an amount equal to ten percent (10%) of the total Net Assets of the Scheme at the time of Investment or ten percent (10%) of the issued capital of the investee company, whichever is lower.

10.2.4 The Scheme shall not invest in unlisted equity securities unless an application for listing of such securities has been accepted by the Stock Exchange, provided that the Scheme may make total Investments in a Pre-IPO up to fifteen(15%) percent of its Net Asset Value, subject to limits prescribed under the Regulations.

10.2.5 The cumulative exposure in all the collective Investment Schemes managed by the Management Company, to a single company shall remain below 49% (forty nine percent) of the issued capital of that company.

10.2.6 The Scheme shall not enter into transactions with any Broker, which exceed ten percent of the commission paid by the Scheme in any one accounting

year. Subject however that such Broker shall not have a common director, officer or employee with the Management Company.

10.2.7 In case Investments are made on behalf of the Scheme in any offshore countries, the same shall be subject to the limits as may be prescribed by the SBP and/or the Commission. Not more than fifty per cent (50%) of the allowable limit of international Investment shall be placed in any one country. Provided that where an Investment is made in a mutual fund which makes Investments in the different regions or countries of the world, the allowable limit of fifty per cent (50%) would be applicable in relation to the country in which Investment is made by such fund and not in relation to the country of registration or incorporation of such fund or of its management company/ Investment adviser or of its trustee.

10.3 Exception to Investment Restrictions

In the event the weightages of shares exceed the limits laid down in Offering Document or the Regulations as a result of the relative movement in the market prices of Investments or through any disinvestments, the Management Company shall bring the exposure within the prescribed limits within three months of the event. However, this restriction shall not apply to any offer of right and bonus shares.

10.4 Borrowing Restrictions

10.4.1 Subject to any statutory requirements for the time being in force and the terms and conditions herein contained the Management Company may, at any time with the approval of Trustee make arrangements with Banks or other financial institutions for borrowing for the account of the Trust for meeting redemption requests. Provided, that the charges payable to such Bank or financial institution are not higher than the normal Bank charges.

10.4.2 Provided further that the maximum borrowing for the account of the Trust shall not exceed 15% (fifteen percent) of the total Net Asset Value of Fund at the time of borrowing and shall be repayable within a period of ninety (90) days but if subsequent to such borrowing, the Net Assets have reduced as a result of depreciation in the market value of the Trust Property or redemption

of Units, the Management Company shall not be under any obligation to reduce such borrowing.

10.4.3 For the purpose of securing any such borrowing the Trustee may on the instruction of the Management Company; mortgage, charge or pledge in any manner all or any part of the Trust Property, provided that the aggregate amount to be secured by such mortgage, charge or pledge shall not exceed the limit provided in the Regulations.

10.4.4 Neither the Trustee nor the Management Company shall be required to issue any guarantee or provide security over their own assets for securing such borrowings on account of the Trust from Banks and financial institutions. The Trustee or the Management Company shall not in any manner be liable in their personal capacities for repayment of any borrowings.

10.4.5 The Trustee or the Management Company shall not incur any liability by reason of any loss to the Trust or any loss that a Unit Holder may suffer by reason of any depletion in the Net Asset Value that may result from any borrowing arrangement made hereunder in good faith.

11. VALUATION OF PROPERTY AND PRICING

The valuation of the property for determining the value of assets and liabilities of the Trust and the Net Assets of the Scheme shall be made in accordance with the Rules and Regulations.

The mechanism on valuation of the Trust Property and pricing, as prescribed under the Regulations shall apply to:

- (a) the method of determining the value of the assets and liabilities of the Trust Property of the Scheme and the Net Asset Value accordingly;
- (b) the method of calculating the Offer and Redemption Prices; and
- (c) the method of pricing and the circumstances under which it can change.

11.1 Valuation of Assets/Liabilities

- 11.1.1 A security listed on a Stock Exchange, local or foreign as the case may be, shall be valued at its last sale price on such exchange on the date on which it is valued or if such exchange is not open on such date, then at its last sale price on the next preceding date on which such Exchange was open and if no sale is reported for such date the security shall be valued at an amount neither higher than the closing asked price nor lower than the closing bid price.
- 11.1.2 A debt security listed but not traded regularly on a Stock Exchange shall be valued at the average rate, notified by the Mutual Funds Association of Pakistan based on the average rates quoted by top three brokers, in terms of volume traded during last three months in that debt security, and record of such rates shall be maintained by the Management Company and Mutual Funds Association of Pakistan for a period of at least [3] three years and shall be posted on website of the Association.
- 11.1.3 An investment purchased and awaiting payment against delivery shall be included for valuation purposes.
- 11.1.4 An investment sold but not delivered pending receipt of proceeds shall be valued at the net sale price.
- 11.1.5 The value of any dividends, profits, interest, income, etc. which may have been declared on securities in the portfolio but not received by the Scheme as of the close of business on the valuation date shall be included as assets of the Scheme if the security upon which such dividends, profits, interest, etc. were declared is included in the assets and is valued ex-dividend, ex-profit, ex-income, ex-interest, etc. as the case may be.
- 11.1.6 Mark-up accrued on any mark-up-bearing security in the portfolio shall be included as an asset of the Scheme if such accrued mark-up is not otherwise included in the valuation of the security.

11.1.7 Any other income accrued up to the date on which computation was made shall also be included in the assets.

11.1.8 All liabilities, expenses and other charges due or accrued up to the date of computation which are chargeable under the Regulations and taxes shall be deducted from the value of the assets.

11.1.9 The remuneration and fees accrued up to the date of computation payable to the Management Company, the Trustee, the Commission, the Auditors of the Fund and MUFAP for providing the services shall be included as an expense.

11.1.10A security not listed or quoted on a Stock Exchange, other than a government or debt security shall be valued at investment price or its break up value as per last audited accounts, whichever is lower.

11.1.11A government security not listed on a Stock Exchange and traded in the interbank market shall be valued at the average rate quoted on a widely used electronic quotation system and such average rate shall be based on the remaining tenor of the security.

11.1.12Any such method of valuation of assets and liabilities as may be specified or modified by the Commission from time to time;

11.1.13In respect of investments held in foreign currencies, the same will be translated in Pakistan Rupees using the closing buying spot rates declared by the State Bank of Pakistan at each balance sheet date

11.2 Determination of NAV and Offer Price

11.2.1 During the Initial Offer Period, the Units will be offered at Par Value of Rs.100/-per Unit. After the Initial Period the Offer Price shall be calculated and announced by the Management Company on every Business Day.

11.2.2 After the Initial Offer, the Purchase (Offer) price shall be determined from time to time pursuant to clause 11.2.3 hereafter and clause 66 of the Regulations

and shall be calculated and announced by the Scheme on every Business Day

11.2.3 The Offer Price shall be equal to the sum of:

- (a) The Net Asset Value as of the close of the Business Day.
- (b) Any Front-end Load, such sum to be adjusted upwards to the nearest paisa.
- (c) Such amount as the Management Company may consider an appropriate provision for Duties and Charges; and.
- (d) Any such amount as the Management Company may consider an appropriate provision for Transaction Cost.

Such sum shall be adjusted to the nearest paisa.

The Management Company may offer different types of Units and different plans under different administrative arrangements with differing levels of Sales Load, which may also vary according to other criteria at Management Company's sole discretion and as provided in the Offering Document or the Supplementary Offering Document. Consequently, the Offer/Redemption Price may differ for Units issued under differing administrative arrangements.

11.2.4 In the event that the amount paid as provision for payment of Duties and Charges pursuant to sub-clause 11.2.3(c) is insufficient to pay in full such Duties and Charges, the Management Company shall be liable for the payment in full of the amount of such Duties and Charges in excess of such provisions (except where such excess arises from any Duties and Charges levied with retrospective effect after the date of payment in which case such excess shall be recovered from the Trust Property).

11.2.5 In the event the amount paid as provision for payment of Duties and Charges pursuant to sub-clause 11.2.3(c) exceeds the relevant amounts of Duties and Charges, the Registrar on the instruction of Management Company shall issue additional Units or fractions thereof to the Unit Holder based on the price applicable to the Units issued against the relevant application.

11.2.6 The Offer Price determined by the Management Company shall be made available to the public at the office and Branches of the Distribution Company(s), on the website of the Management Company and shall also be published in at least one newspaper, on daily basis with circulation in all major cities of Pakistan.

11.2.7 In respect of Investments held in foreign currencies, the same shall be translated in Pakistan Rupees using the closing buying spot rates declared by the State Bank of Pakistan at each balance sheet date.

11.3 Determination of Redemption Price

11.3.1 During the Initial Period the Units shall not be redeemed.

11.3.2 After the Initial Period the Redemption Price shall be equal to the Net Asset Value as of the close of the Business Day, less:

- (a) Any Back-end Load;
- (b) Any Taxes imposed by the Government; and
- (c) Such amount as the Management Company may consider an appropriate provision for Duties and Charges;
- (d) Any such amount as the Management Company may consider appropriate provision for Transaction Cost.

Such sum shall be adjusted to the nearest paisa.

11.3.3 In the event that the amount deducted as provision for payment of Duties and Charges pursuant to sub-clause 11.3.2(c) is insufficient to pay in full such Duties and Charges, the Management Company shall be liable for the payment in full of the amount of such Duties and Charges in excess of the provisions (except that such excess arises from any duties and charges levied with retrospective effect after the date of payment in which case such excess shall be recovered from the Trust Property).

11.3.4 In the event that amount deducted as provision for payment Duties and Charges pursuant to sub-clause 11.3.2(c) exceeds the relevant amount of

Duties and Charges, such excess amount shall be refunded to the relevant unit holders.

11.3.5 In the event the Units are redeemed by any major Unit Holder in such period of time the Management Company believes may adversely affect the interest of Unit Holders, it may charge Contingent Load on such redemption. The details of which shall be disclosed in the Offering Document.

11.3.6 The Redemption Price determined by the Management Company shall be made available to the public at the Authorized Branches and Offices of the Distribution Company(s), on the website of the Management Company and shall at the discretion of the management company also be published in at least one daily newspaper widely circulated in Pakistan.

12. DEALING, SUSPENSION AND DEFERRAL OF DEALING

12.1 Changes in Method of Dealing

A permanent change in method of dealing shall be made after one month's notice to Unit Holders with the approval of Trustee. Subject to compliance with Rules and Regulations and the circumstances mentioned in the Offering Document, The Management Company may request the Trustee to approve a temporary change in the method of dealing in Units. Such approval shall not be unreasonably being withheld.

12.2 Suspension of Redemption of Units

12.2.1 The Management Company under intimation to the Trustee may suspend the redemption of Units subject to the Rules and Regulations at any time, during:

- (a) Any period when the Stock Exchange on which any of the Investment for the time being is listed or dealt in is closed or when dealings in such Investment are restricted or suspended;
- (b) The existence of any state of affairs which in the opinion of the Management Company constitute an emergency as a result of which disposal of any of the

Investment would not be reasonably practicable or might seriously prejudice the interest of the Trust or the Unit Holders;

- (c) Any breakdown in the means of communication normally employed in determining the price of any Investment or the current price thereof on any Stock Exchange or when for any reason the price of any such Investment cannot be promptly and accurately ascertained;
- (d) Any period when remittance of money which will or may be involved in the realization of such Investment or in the payment for such Investment cannot in the opinion of the Management Company be carried out in reasonable time;
- (e) If the Management Company is of the view that it would be detrimental to the remaining Unit Holders to redeem or continue to redeem Units at a price ascertained on the basis of the Net Asset Value;

12.2.2 The Management Company may announce a suspension or deferral of redemption. Such a measure shall be taken to protect the interest of Unit Holders in the event of extraordinary circumstances or in the event redemption requests accumulate in excess of ten percent (10%) of the Units outstanding or 10% of Net asset value of the Fund.

12.2.3 In the event of a large number of redemption requests accumulating, the requests may be processed in a Queue System and under extreme circumstances the Management Company may decide to wind up the Scheme. Details of the procedure are given in Clause 12.4 herein below.

12.2.4 Such suspension shall take effect forthwith upon the declaration thereof by the Management Company and shall terminate on the day following the first Business Day on which conditions giving rise to the suspension shall in the opinion of the Management Company have ceased to exist and no other conditions under which suspension is authorized under this Deed exists. In case of suspension and termination of suspension the Management Company shall immediately notify the Commission and the Trustee and publish the same in at widely circulated daily newspapers in which Prices of the Scheme normally published.

12.3 Suspension of Fresh Issue of Units

The Management Company may at any time, subject to Rules and Regulations, as may be modified from time to time, suspend issue of fresh Units. Such suspension may however, not affect existing Unit Holders for issuing bonus Units as a result of profit distribution or the option to reinvest cash divided into Units. The Management Company shall announce the details of exemption at the time of suspension of fresh Units. The Management Company shall immediately notify the Commission and Trustee if issue of fresh Units is suspended and shall also have the fact published, immediately following such decision, in the newspaper in which the prices of the Scheme are normally published.

12.4 Queue System

In the event redemption requests on any Business Day exceed ten percent (10%) of the Units in issue, the Management Company may invoke a queue system whereby requests for redemption shall be processed on a first come first served basis for up to ten percent of the Units in issue. The Management Company shall proceed to sell adequate assets of the Fund and/or arrange borrowing as it deems fit in the best interest of the Unit Holders and shall determine the Redemption Price to be applied to the redemption requests based on such action. Where it is not practical to determine the chronological ranking of any requests in comparison to other requests on the same Business Day, such requests shall be processed on a proportional basis proportionate to the size of the requests. The redemption requests in excess of ten percent (10%) of the Units in issue will be carried over to the next Business Day. However, if the carried over requests and the fresh requests received on the next Business Day still exceed ten percent (10%) of the Units in issue, these shall once again be treated on first come first served basis and the process for generating liquidity and determining the Redemption Price shall be repeated and such procedure shall continue till such time the outstanding redemption requests come down to a level below ten percent of the Units then in issue.

12.5 Winding up in View of Major Redemptions

In the event the Management Company is of the view that the quantum of redemption requests that have built up shall result in the Trust Property being run down to an unmanageable level or is of the view that the sell-off of assets is likely to result in a significant loss in the value for the Unit Holders who are not redeeming, it may announce winding up of the Fund. In such an event, the queue system, if

already invoked, shall cease to apply and the Fund will be wound up; and all Unit Holders shall be paid after selling the assets and determining the final Redemption Price. The interim distributions of the proceeds may be made if the Management Company finds it feasible. The announcement in this regard shall be communicated to the Commission and the Trustee and shall further be notified to the Unit Holders by publishing a notice in widely circulated newspaper in Pakistan.

13. FEES AND CHARGES

13.1 Remuneration of the Management Company and its Agents

13.1.1 The Management Company shall be entitled to prescribe and receive remuneration up to the maximum remuneration permitted under the Rules and Regulations. The Management Company shall be entitled to be paid monthly in arrears, accrued remuneration duly verified by the trustee, a remuneration of an amount not exceeding three (3) percent per annum of the average daily Net Assets during the first five years of the scheme and two (2) percent per annum of the average daily Net Assets there after, or such other amount as may be specified by the Commission from time to time.

13.1.2 The remuneration shall begin to accrue from the close of the Initial Offer Period. In respect of any period other than an Accounting Period such remuneration shall be prorated on the basis of the actual number of days for which such remuneration has accrued in the Accounting Period.

13.1.3 The Management Company shall be entitled to draw advance remuneration on a monthly basis from the Trust Property out of accrued remuneration a sum that the trustee shall consider reasonable.

13.1.4 In consideration of the foregoing and save as aforesaid the Management Company shall be responsible for the payment of all expenses incurred by the Management Company from time to time in connection with their responsibilities as Management Company to the Trust. The Management Company shall not make any charge against the Unit Holders or against the Trust Property or against the Distribution Account for its services or for its expenses, except such expenses as are expressly authorized under the

provisions of the Rules, Regulation and this Deed to be payable out of the Trust Property.

13.1.5 The Management Company shall bear all expenditures in respect of its secretarial and office space and professional management, including all accounting and administrative services provided in accordance with the provisions of this Deed.

13.2 Remuneration of Trustee and Its Agents

13.2.1 The Trustee shall be entitled to a monthly remuneration out of the Trust Property as shown in Annexure – 'C'. Trustee remuneration shall consist of remuneration as provided in the annexure and reimbursement of actual charges. The Calculation for remuneration shall be based on average daily Net Asset during such calendar month. The remuneration shall begin to accrue from the close of the Initial Offer. For any period other than a full calendar month such remuneration will be prorated on the basis of the actual number of days for which such remuneration has accrued in the calendar month.

13.2.2 Such remuneration shall be paid to the Trustee in arrears within Ten (10) Business Days after the end of each calendar month.

13.2.3 In consideration of the foregoing and save as aforesaid the Trustee shall be responsible for the payment of all expenses incurred by the Trustee from time to time in connection with its duties as Trustee of the Trust. The Trustee shall not make any charge against the Unit Holders or against the Trust Property or against the Distribution Account for its service or for its expenses, except as are expressly authorized to be payable out of the Trust Property under the provisions of the Rules and the Deed.

13.2.4 The Trustee shall bear all expenditures in respect of their secretarial and office space and professional management, services provided in accordance with the provisions of this Deed.

Any increase in the remuneration of the Trustee agreed to by the Management Company shall require the approval of the Commission.

The Trustee shall however not make any further material charge against the Unit Holder(s) nor against the Trust Property nor against the Distribution Account for its services nor for expenses, except such expenses or fees as are expressly authorized under the provisions of the Regulations and the Trust Deed to be payable out of Trust Property.

13.3 Formation Costs to be amortized against Property of the Scheme

13.3.1 Formation Costs shall be charged to the Fund, which are estimated at and shall not exceed 1% (one percent) of Pre IPO Capital or Rupees. 5.00 million Whichever is lower.

13.3.2 Formation Costs will be amortized over a period not less than five (5) years or any other period that may be specified by the Commission.

13.3.3 The Formation Cost is reported to Trustee and the Commission giving their breakup under separate heads, as soon as possible after Initial Public Issue.

13.4 Other Costs and Expenses Payable by the Scheme

- (a) Brokerage and Transaction Costs related to investing and disinvesting of the Trust Property.
- (b) Legal and related costs incurred with the prior consent of the Trustee in protecting or enhancing the interests of the Scheme or the collective interest of the Unit Holder(s).
- (c) Bank charges and borrowing/ financial costs; provided that the charges payable to any Bank or financial institution against borrowings on account of the Scheme shall not be higher than prevailing Bank charges or normal market rates.
- (d) Auditors' remuneration and related expenses
- (e) Listing fee payable to the Stock Exchange(s) including renewal on which Units may be listed.
- (f) Annual fee payable to the Commission under the Rules and Regulations
- (g) Taxes, fees, charges, cess and other charges if any, applicable to the Scheme and its income and/or its properties.
- (h) Rating fees and other expenses payable to the approved rating agency

- (i) Charges and levies of Stock Exchanges, National Clearing and Settlement Company, CDC charges, capital value tax, laga, transfer charges as payable to the Bank at the time of transfer of funds to Unit Holder and such other levies and charges.
- (j) Expense incurred by the Trustee in effecting registration of all registerable assets in the name of the Trustee.
- (k) Hedging costs including forward cover, forward purchase or option purchase costs.
- (l) Remuneration of both local and international Trustee or Custodian.
- (m) Any printing costs and related expenses for issuing of Fund's quarterly, half yearly and annual reports etc.
- (n) Any other expense or charge as may be permitted by the Commission.

14. TRANSACTIONS WITH CONNECTED PERSONS

- 14.1 The Trust Property shall not be invested in any security of a company if any director officer of the Management Company individually owns more than five percent of the total nominal amount of the securities issued or collectively own more than ten percent of these securities, except as may otherwise be permissible under Rules and Regulations.
- 14.2 The Scheme shall not without the prior approval of the Commission in writing, purchase from, or sell any security to the Management Company or to any director, officer or employee of the Management Company or a collective Investment Scheme managed by it or to any person who beneficially owns ten percent or more of the equity securities of the collective Investment Scheme or the Management Company as the case may be.
- 14.3 For the purpose of sub- clause 14.1 and 14.2 above the term director, officer and employee shall include spouse, lineal ascendants, brothers and sisters.
- 14.4 Cash forming part of the Trust Property of the Scheme may be placed as deposits with the Trustee or the Custodian, which is a Banking company or a non-Banking finance company, return shall be paid on the deposit by such trustee or Custodian at a rate that is not lower than the rate offered by the said Banking company or non-Banking finance company to its other depositors on deposits of similar amount and

maturity.

- 14.5 Money can be borrowed from the Trustee or any institution provided that the charges are not higher than the normal Bank charges.
- 14.6 All transactions carried out and on behalf of the Scheme with Connected Person(s) shall be made as provided in the Constitutive Documents and shall be disclosed in the Scheme's annual report.
- 14.7 Subject to the Rules and Regulations, any transaction between the Scheme and the Management Company or any of their respective Connected Persons as principal shall only be made with the prior written consent of the Trustee.
- 14.8 Direct transactions (other than those carried out on the trading system of the exchange) between collective Investment schemes of the same Management Company, as the case may be, shall be notified to the Commission within two days of such transactions and shall be disclosed in quarterly and annual accounts of the collective Investment schemes.

15 DISTRIBUTION POLICY AND DATE

15.1 Determination of Distributable Profit (Income)

15.1.1 The Management Company shall decide as soon as possible but not later than forty five (45) days after the Accounting Date whether to distribute among Unit Holders, profits, if any and shall advise the Trustee for such distribution. Such profit may be distributed in cash, bonus Units, or a combination thereof as the Management Company may determine.

15.1.2 The profit, if any, available for distribution in respect of any Accounting Period shall be determined by the Management Company and shall be the sum total of:

- (a) The total income earned on the Trust Property during such Accounting Period including all amounts received and accrued in respect of interest, mark-up, profit, dividend and any other income including profit/loss carried forward;
- (b) Net realized appreciation as set out in sub-clause 15.1.3; below from which shall be deducted expenses as set out in sub-clause 15.1.4, adjustment as

set out in sub-clause 15.1.5 and such other adjustment as the Management Company may determine in consultation with the Auditor.

15.1.3 The proceeds of sale of right and all other receipts deemed by the Management Company to be in the nature of capital accruing from Investments shall not be regarded as available for distribution income but shall be retained as part of the Trust Property, provided that such amounts out of the sale proceeds of the Investments and all other receipts as deemed by the Management Company after consulting the Auditor to be in the nature of the net realized appreciation shall be included in determining distributable income to the Unit Holders and shall not form part of the Trust Property once transferred to the Distribution Account.

15.1.4 The income qualifying for distribution in respect of the relevant Accounting Period shall be ascertained by deducting admissible expenses of the Trust as stated in clause 13 above of this Deed.

15.1.5 The income qualifying for distribution in respect of the Relevant Period shall be adjusted as under:

- (a) Deduction of a sum by way of adjustment to allow for effect of purchase of shares or any of the Investments cum dividend, interest, profit or mark-up;
- (b) Addition of a sum representing amounts included in the price of Units for income accrued up to the date of issue and deduction of a sum representing all participation in income distributed upon redemption of Units during the Relevant Period;
- (c) Adjustment if considered necessary by the Management Company to reflect the diminution in value of Trust Property in consultation with the Trustee.

15.1.6 Out of the amount determined for the purpose of distributable income in respect of each Unit Holder withholding tax, zakat or other statutory levies as may be applicable to the relevant Unit Holder shall be deducted before computing the amount payable to the relevant Unit Holder.

15.1.7 The Management Company may, from time to time, pay to the Unit Holders interim dividend, if it considers that the income for the Accounting Period would justify such distribution.

15.2 Distribution of Profit (Income)

- 15.2.1 On each Relevant Date the Management Company shall instruct the Trustee to transfer such amount of cash as required to effect such distribution to the Distribution Account. The amount standing to the credit of the Distribution Account shall not for any purpose of this Deed be treated as part of the Trust Property but shall be held by the Trustee upon trust to distribute the same as herein provided.
- 15.2.2 The distribution payment shall be made through the registered post, courier or through such arrangement as the Management Company may consider appropriate to the registered address of the Unit Holder, or in the case of joint Holders to the Registered address of the Principal Holder on the Register. The Management Company at the request of the Unit Holder shall arrange payment of the amount distributable to the Unit Holder to his designated Bank account.
- 15.2.3 Before making any payment to the Unit Holder, the Trustee or the Management Company may make such deductions as may be required by law in respect of any zakat, income or other taxes, charges or assessments whatsoever and issue to the Unit Holder the Certificate in respect of such deductions in the prescribed form or in a form approved or required by the concerned authorities.
- 15.2.4 The Management Company may offer the Unit Holder the option to receive new Units or fractions thereof under cumulative Investment instead of dividend payment, as per the terms and conditions and the procedure laid down in the Offering Document.
- 15.2.5 Where Units are placed under pledge/lien the payment of dividends will be made in accordance with clause 32 of this Deed.
- 15.2.6 The Management Company may decide wholly or in part the distributable income in the form of Bonus Units. The Bonus Units would rank *pari passu* as to their rights in the Net Assets, earnings and receipt of dividend and distribution with the existing Units from the date of issue of these Bonus Units.

16 ANNUAL ACCOUNTING PERIOD

- 16.1 Annual Accounting Period of the Scheme is from 1st July to 30th June. The first such period shall begin from the date of commencement of the Initial Period and end on 30th June.
- 16.2 Accounting Date shall be the 30th day of June in each year and any interim dates at which the financial statements of the Scheme are drawn up. Provided however, the Management Company may, with the consent of the Trustee and after obtaining Commission's approval and complying with other applicable laws, change such date to any other date.

17 AUDIT

- 17.1 The Management Company shall at the establishment of the Scheme and with the consent of the Trustee appoint an Auditor who shall be independent of the Auditor of the Management Company and the Trustee. The Management Company may at any time with the concurrence of the Trustee remove the Auditor and appoint another Auditor in its place. Auditors shall not be appointed for more than three consecutive years and shall only be eligible for reappointing after the lapse of at least one year. The Auditor shall hold office until transmission of the annual report and accounts.
- 17.2 The persons not qualified to be the Auditor of a public company under the Companies Ordinance will not be qualified to be the Auditor.
- 17.3 Appointment of a partnership firm to be the Auditor shall be deemed to be the appointment of all persons who are partners in the firm for the time being.
- 17.4 The Auditors shall have access to the books, papers, accounts and vouchers of the Trust, whether kept at the office of the Management Company, Trustee, Custodian, Transfer Agent, Distribution Company or elsewhere and shall be entitled to require from the Management Company, Trustee, Custodian, Transfer Agent, Distribution Company and their directors, officers and agents such information and explanations as considered necessary for the performance of audit.
- 17.5 The Auditor shall prepare a written report to the Unit Holders on the account and books of accounts of the Trust and the balance sheet and income and expenditure

account and on every other documents forming part of the balance sheet and income and expenditure account, including notes, statement or schedule appended thereto.

- 17.6 The contents of the Auditors report shall be as required in the Rules and Regulations.

18 BASE CURRENCY

The Base Currency of the Fund shall be the Pakistani Rupee; it being clarified, however, that the Authorized Investment may be denominated in Pakistani Rupee or (subject to applicable law) any other foreign currency.

19 MODIFICATION OF THE CONSTITUTIVE DOCUMENT

- 19.1 The Trustee and the Management Company acting together and with the prior approval of the Commission shall be entitled by Deed supplemental hereto to modify, amend, alter or add to the provisions of this Deed in such manner and to such extent as they may consider expedient for the following purposes:

- (a) To ensure compliance with any applicable law, fiscal or statutory requirement.
- (b) To enable the provisions of the Trust Deed to be more conveniently and efficiently implemented;
- (c) To enable the Units to be listed on a Stock Exchange or any other Exchange; or
- (d) Otherwise to the benefit of the Unit Holders.

Provided that in case of b, c or d above, such alteration or addition shall not prejudice the interest of the Unit Holders and that in any event release Trustee or the Management Company of their responsibilities.

- 19.2 Where this Deed has been altered or supplemented the Management Company shall notify the Unit Holders such alteration within fifteen days at their respective registered addresses and the dispatch of such notices to the Unit Holders shall be announced in two (2) daily newspapers having its primary circulation in Pakistan.
- 19.3 If the Commission modifies the Rules these will deem to have been included in this Trust Deed without requiring any modification as such.

20 TERMINATION OF SCHEME

- 20.1 The Management Company may terminate the Trust if the Net Assets at any time fall below Rupees fifty (50) million by giving notice as required by the Rules and Regulations in writing to the Unit Holders and the Commission and shall specifically disclose the grounds for its decision. The Management Company may announce winding up of the Trust without notice in the event redemption requests build up to a level where the Management Company is of the view that disposal of the Trust Property to meet such redemptions would jeopardize the interest of the remaining Unit Holder(s) and that would be in the best interest of all the Unit Holders that the Trust be wound up.
- 20.2 The Trust may also be terminated by the Commission if it considers that further continuation of the registration of the Scheme will not be in the interest of the Unit Holders, it may give a three months' notice to the Trustee and the Unit Holders about the Commission intention to cancel such registration:

Provided that registration shall not be cancelled without providing an opportunity of being heard to the Management company or to the Unit Holders upon representation file before the Commission by three fourths of the total number of Unit Holders of the Scheme, as the case may be on the grounds given in the Rules and Regulations.

21 DISTRIBUTION OF LIQUIDATION PROCEEDS

- 21.1 Upon the Scheme being terminated the Management Company shall suspend the sale and redemption of Units forthwith and proceed to sell all Investments then remaining in the hands of the Trustee as part of the Trust Property and shall repay any financing affected by the Trust together with any charges remaining unpaid to the extent possible out of sale proceeds of the Investments. The Trustee shall not be liable for shortfall, if any.
- 21.2 The Trustee on the recommendation of the Management Company shall from time to time distribute to the Unit Holders pro rata to the number of Units held by them respectively all net cash proceeds derived from the realization of the Trust Property after making payment as mentioned above and retaining such sum as considered or apprehended by the Management Company for all costs, charges, expenses, claims and demands. In case the sum so retained is not sufficient for meeting all costs,

charges, expenses, claims and demands, the Trustee will not be liable for the short fall. However, in case there is any surplus left in the hands of Trustee after meeting all costs, expenses, claims and demands the Trustee shall distribute the surplus to Unit Holders pro rata to the number of Units held by them.

22 TRUST PROPERTY

- 22.1 The aggregate proceeds of all Units issued from time to time after deducting Duties and Charges and after deducting there from or providing there out any applicable Sales/ Front End Load shall constitute part of the Trust Property. The Distribution Company shall remit to the Trustee proceeds of all Units issued in accordance with the instructions given by the Management Company from time to time.
- 22.2 The Trust Property shall initially be constituted out of the proceeds of the Units issued to the Core Investors and other Units issued during the Initial Offer Period after deducting any applicable Duties and Charges there from.
- 22.3 The Trustee shall take the Trust Property into its custody or under its control either directly or through the Custodian and hold it in trust for the benefit of the Unit Holders ranking *pari passu inter se*, according to the number of Units held by each Holder and in accordance with the provisions of the Rules and this Deed. The Trust Property shall always be kept as a separate property and shall not be applied to make a loan or advance except in connection with the normal business of the Trust as permissible under the Rules. All register-able Investments shall be registered in the name of the Trustee and shall remain so registered until disposed off or transferred to new trustee pursuant to the provisions of this Deed. All expenses incurred by Trustee in effecting such registration shall be payable out of the Trust Property.
- 22.4 Save, as herein expressly provided, the Trust Property shall always be kept as separate property free from any mortgages, charges, liens or any other encumbrances whatsoever and the Trustee or the Custodian shall not create any mortgages, charges, liens or any other encumbrances whatsoever to secure any loan, guarantee, or any other obligation actual or contingent incurred, assumed or undertaken by the Trustee, the Custodian or any other person except for securing loans and finances for redemption of Units within the limits and conditions prescribed under the Rules.

- 22.5 The Trustee shall have the sole responsibility for the safekeeping of the Trust Property. In the event of any loss arising as a result of an act/ omission of the Trustee, in violation of the terms of this Deed, the Trustee shall have an obligation to replace the lost Investment forthwith with similar Investment of the same class and issue together with all rights and privileges pertaining thereto or compensate the Trust to the extent of any such loss. However, the Trustee shall not be under any liability therefore or thereby and it shall not incur any liability by reason of any error of law or any matter or thing done or suffered or omitted to be done in good faith hereunder
- 22.6 All cash forming part of the Trust Property shall be deposited by the Trustee in a separate account, in the name of the Trustee with a scheduled Bank or financial institution approved by the Management Company, having at least minimum Investment grade rating, as per criteria laid down by a credit rating agency approved by the Commission. The Bank or a financial institution shall allow profit thereon in accordance with the Rules prescribed by the Bank or financial institution for sharing of profits or mark-up on deposits maintained in such account or under any other arrangement approved by the Management Company.
- 22.7 Remuneration of the Management Company and the Trustee, Brokerage and Transaction Costs relating to investing and disinvesting of the Trust Property, all expenses incurred by the Trustee effecting the registration of all register able property in the Trustee's name, legal and related costs as may be incurred (with prior consent of the Trustee) in protecting or enhancing the interests of the Scheme or the collective interests of the Holders; Bank charges and borrowing/financial costs; audit fees; listing fee payable to a Stock Exchange; annual fee payable to the Commission, Formation Cost, marketing cost relating to the Fund, (Scheme, Trust) and taxes if any applicable to the Trust shall be payable out of the Trust Property.

23 VOTING RIGHTS ON TRUST PROPERTY

- 23.1 All rights of voting attached to any Trust Property shall be exercisable by the Management Company on behalf of the Trustee and the Management Company shall be entitled to exercise the said rights what it may consider to be in the best interest of the Unit Holders, and may refrain at its own discretion from the exercise of

any voting rights and the Trustee or the Unit Holders shall not have any right to interfere or complain.

23.2 The Trustee shall upon written request by the Management Company and at its expense, from time to time execute and deliver or cause to be executed or delivered to the Management Company or their nominees powers of attorneys or proxies authorizing such attorneys and proxies to vote, consent or otherwise act in respect of any Investment in such form and in favor of such persons as the Management Company may require in writing.

23.3 The phrase “rights of voting” or the word “vote” used in this sub-clause shall be deemed to include not only a vote at a meeting but the right to elect or appoint directors, any consent to or approval of any arrangement Scheme or resolution or any alteration in or abandonment of any rights attaching to any Investment and the right to requisition or join in a requisition to convene any meeting or to give notice of any resolution or to circulate any statement or any other right as provided under the Ordinance.

The Management Company shall keep records stating reasons for casting vote in favor or against any resolution for a period of at least 5 years.

23.4 The Trustee shall forward to the Management Company in a timely manner not later than Two Business Days of receipt; all notices of meetings and all reports and circulars received by the Trustee as the registered holder of any Investment.

24 BANK ACCOUNTS

24.1 The Trustee, at the request of the Management Company, shall open Bank Accounts titled CDC-Trustee First Habib Stock Fund for the Unit Trust at such Branches of Banks and at such locations (including outside Pakistan, subject to applicable Regulations and after obtaining necessary written prior approvals from the relevant regulatory authority in Pakistan) as may be requested by the Management Company from time to time. Such accounts may be used for collection, Investment, redemption or any other use of the Trust.

24.2 The Management Company may also require the Trustee to open a separate Bank Account for each dividend distribution out of the Unit Trust. Notwithstanding anything

in this Deed, the beneficial ownership of the balances in these accounts shall vest in the Unit Holder(s).

- 24.3 All Bank charges for opening and maintaining Bank Accounts for the Trust shall be charged to the Fund.
- 24.4 All interest, income, mark up, profit etc. earned in the Distribution Account(s), including those accruing on unclaimed dividends, shall form part of the Trust Property for the benefit of the Unit Holder(s) and shall be transferred periodically from the Distribution Account(s) to the main Bank Account of the Trust.
- 24.5 The amounts received from the Core Investors (seed capital) and private placement investors shall be deposited in a separate Bank Account and transferred to the main Bank Account of the Fund upon the start of the Initial Offer Period. Income, profit etc. earned on Investments by Core Investors and Pre IPO investors up to and including the day before the opening of Initial Public Offering, shall be paid on receipt of such income / profit, to the Core and Pre IPO investors and shall not form part of the Trust Property.
- 24.6 The Trustee shall, if requested by the Management Company open off shore Bank Accounts titled CDC Trustee-First Habib Stock Fund in offshore countries where the Investments are made on account of the Scheme, if such Investments necessitate opening and operation of Bank Accounts by the Trustee. For this purpose, the Trustee shall be deemed to be authorized to sign and submit the prescribed account opening forms of such Banks, including custodial/sub-custodial services accounts and Brokerage accounts with such Banks, Custodians, sub-Custodians, and Brokers, as may be required to be appointed for offshore Investments of the Scheme. The opening, operation and maintenance of such Bank Accounts, custodial/sub-custodial and Brokerage services accounts in offshore countries shall always be subject to the approval of the State Bank of Pakistan and the exchange control Regulations, as well as any directives of the State Bank of Pakistan and/or the Commission.
- 24.7 The Management Company shall exercise due caution and diligence in appointing and arranging of such Bank, Brokerage houses and Custodian/ sub-Custodian in offshore countries. The Management Company and the Trustee shall not incur any personal liability for any consequences that may arise in the opening and operation of such Bank Accounts, Brokerage accounts and/or custodial/sub-custodial services

accounts. The Management Company and the Trustee shall be indemnified out of the Trust Property for any losses, costs and expenses that may be suffered, sustained or incurred by the Management Company /Trustee and against all consequences arising from and out of (1) the execution by the Management Company /Trustee of the account opening forms/ documents with all particulars as may be required by such Bank(s), Financial Institution(s), Custodian(s)/sub-Custodian(s) and Brokerage house(s), (2) the opening of such account(s) with the offshore Bank(s), Financial Institution(s), Custodian(s)/sub-Custodian(s) and Brokerage house(s), (3) the Investments made in offshore countries on account of the Scheme, (4) the appointment of Bank(s), Financial Institution(s), Broker(s) and/or Custodian(s)/sub-Custodian(s) for the Schemes' Investments, securities and other assets internationally and (5) all other related or incidental activities of the Management Company/Trustee in relation to the above. Provided that such indemnity shall not be available to the Management Company and/or the Trustee, if such loss, cost or expense is sustained or incurred due to willful or gross negligence on their respective part. For the purpose of making arrangements in offshore countries, the Management Company may in consultation with Trustee retain the services of advisors and professionals to ensure legal and regulatory compliances on part of the Management Company and the Trustee, as provided in Clause 6.17 above.

- 24.8 The beneficial ownership of the balances in the Bank Account(s), except the Bank Account(s) mentioned in Clauses 24.4 and 24.5 above shall vest in the Unit Holder(s).

25 UNITS

- 25.1 The Fund is divided into Units having Initial Offer Price of Rs. 100 per Unit. This price is applicable to such Units that are issued before any of the Assets of the Fund are invested other than deposits whether or not earning any mark up/ profit. Thereafter the Units shall be issued on the basis of their Net Asset Value (NAV).
- 25.2 All Units or fractions thereof represent an undivided share in the Trust Property and rank pari passu as to their rights in the Net Assets, earnings, and the receipt of the dividends and distributions. Each Unit Holder has a beneficial interest in the First Habib Stock Fund in proportion to the Units held by such Unit Holder.

- 25.3 Irrespective of the different classes of Units all Units issued from time to time rank pari passu inter se and shall have such rights as are set out in the Offering Documents. The liability of the Unit Holders shall be limited to the Offer Price paid against the Units.
- 25.4 The Units issued with different Administrative Plans may have differing quantum of the Front-end Load added to the NAV for determining the Offer Price thereof and differing levels of Back-end Load deductible from the NAV for determining the Redemption Price.
- 25.5 Core Units subscribed by the Core Investors shall be offered and issued at Initial Offer Price and shall not be redeemable for a period of two years from the close of Initial Offer Period of issue. A mention of such restriction and its termination date shall be entered into the Register and shall be noted on any Account Statement, Certificate or transfer instrument issued in respect of such Units. However, the Units are transferable. Further the management company will notify to the Trustee on each transfer of Core Units.
- 25.6 Units offered and issued during the Initial Period shall be issued at the Initial Offer Price. The offer and issue of Units during the Initial Period shall remain open during the period specified in the Offering Document.
- 25.7 After the Initial Period, the Offer Price shall be determined from time to time pursuant to clause 11.2 of this Deed.
- 25.8 By a Deed supplemental to this Deed the Management Company may at any time with the approval of the Trustee on giving not less than twenty-one days prior notice in writing to every Unit Holder subdivide or consolidate the whole or any part of the Units and the Unit Holder shall be bound accordingly. The Management Company shall require in such notice that each Unit Holder to whom Certificates have been issued, (who shall be bound accordingly) deliver up his Certificates for endorsement or enfacement with the number of Units to be represented thereby as a result of such sub-division or consolidation; provided that any delay or failure to deliver up the Certificates shall not delay or otherwise affect any such division or consolidation.

26 ISSUE OF UNITS

- 26.1 The Management Company shall be responsible for obtaining all requisite consents and approval for the offer and issue of Units and for the issue, publication or circulation of the Offering Documents.
- 26.2 Except as provided herein, the Units shall be offered through the authorized offices or Branches of the Distribution Companies on all Subscription Days as may be announced by the Management Company.
- 26.3 Application for issuance of Units shall be made by completing the prescribed application form and submitting it with the payment by cheque or pay order or Bank draft (crossed A/C payee only), or any other electronic means, or in such form as is prescribed by the Management Company, in favor of the Trustee at the Authorized Branch or office of any Distribution Company on any Subscription Day. The Distribution Company shall verify the particulars given in the application for issue of Units and the documents submitted therewith and ensure that signature of any Holder or joint Holder to any document required to be signed by him under or in connection with the application for issue of Units is verified to their reasonable satisfaction.
- 26.4 Each Unit Holder shall only be liable to pay the Offer Price of the Units subscribed by him and no further liability shall be imposed on him in respect of any Units held by him. The Units shall be issued only against the receipt of full payment.
- 26.5 An application for issuance of Units shall deem to have been made in accordance with the provisions of the Offering Document or a Supplementary Offering Document, if such documents prescribe automatic issuance of Units under certain circumstances.
- 26.6 The Management Company may under intimation to the Trustee and after notification to the Unit Holders make arrangements to accept issue requests through electronic or other means.
- 26.7 The Management Company may in its sole discretion decline any application for purchase of Units in full or part from investors, if it is in the interest of the Unit Holders or the Scheme to do so.

27 REDEMPTION OF UNITS

- 27.1 The Trustee shall at any time during the life of the Trust on the instruction of the Management Company authorize redemption of Units out of the Trust Property to the Unit Holders.
- 27.2 Application for redemption of Units shall be made by completing the prescribed redemption form and submitting it at the Authorized Branch or office of the Distribution Company or Transfer Agent together with the Unit Certificate, if issued, during any Subscription Day. The Management Company may make arrangement to accept redemption requests through electronic or other means under intimation to the Trustee and after notification to the Unit Holders, as authorized by the Management Company. No person shall be entitled to redeem only part of the Units comprised in a Certificate, however, in the case where Certificate is not issued any number of Units may be redeemed by the Unit Holder thereof.
- 27.3 The Trustee may with the approval of the Management Company dispense with the production of any Certificate that shall have become lost, stolen or destroyed upon compliance by the Unit Holder with like requirements to those arising in the case of an application by him for the replacement thereof.
- 27.4 The Management Company shall announce the Redemption Price on every Subscription Day. The Redemption Price at which Units shall be redeemed shall be fixed by the Management Company under the terms of this Deed and as specified by the Rules. However, in the event in clause 12.2 or clause 12.4 comes into application, the redemption value shall be determined in accordance with the procedure laid out in these clauses.
- 27.5 The amount payable on redemption shall be paid to the Unit Holder or first named joint Holder, by transferring the redemption proceeds to the Unit Holder's designated Bank Account or through a crossed cheque or any other mode authorized by the Management Company. The redemption amount will be dispatched to the registered address of the Holder, within six Business Days from the date of presentation of the duly completed application for redemption as per clause 27.2 above.

- 27.6 The receipt of the Unit Holder for any moneys payable in respect of the Units shall be a good discharge to the Trustee and Management Company and if several persons are registered as joint Holders any one of them may give effectual receipt for any such moneys.
- 27.7 Application for redemption of Units shall be received at the Authorized Offices or Branches of the Distribution Company or Transfer Agent on all Subscription Days. Where redemption requests on any one Subscription Day exceed ten percent (10%) of the total number of Units in issue, redemption requests in excess of ten percent may be deferred in accordance with the procedure elaborated in clause 12.4.
- 27.8 The Distribution Company or Transfer Agent shall verify the particulars given in the application for redemption of Units and documents submitted therewith. The signature of any Unit Holder or joint Holder to any document required to be signed by him under or in connection with the application for redemption of Units may be verified to their reasonable satisfaction.
- 27.9 A redemption request shall be deemed to have been made in accordance with such documents prescribe automatic redemption under certain circumstances.
- 27.10 Where lien/ pledge/ charge is recorded in the Register against Unit(s), the Management Company and the Trustee may concur to make payment to the pledgee, if request is received from the pledgee and on receipt of such indemnification as Management Company or Trustee may require.
- 27.11 The maximum interval between the receipt of a properly documented request for redemption of Units and the payment of the redemption money shall not exceed six working days unless Queue System is invoked.

28 ISSUE AND REDEMPTION OF UNITS OUTSIDE PAKISTAN

- 28.1 Subject to foreign exchange control and other applicable laws, Rules and Regulations and any permission required to be obtained under law from regulatory authorities, in the event of arrangements being made by the Management Company for the issuance of Units to non-resident Pakistanis or for delivery in any country outside Pakistan the price at which such Units may be issued at the discretion of the Management Company include in addition to the Offer Price as herein before

provided a further amount sufficient to cover all additional cost relating to issue of Units outside Pakistan including but not limited to any currency exchange fluctuation or any risk cover, any additional stamp duty or taxation whether national, municipal or otherwise leviable in that country in respect of such issue or of the delivery or issue of Certificates in connection therewith or the remittance of money to Pakistan.

- 28.2 In the event the Redemption Price for Units is paid in any country outside Pakistan, the price at which such Units may be redeemed may, at the discretion of the Management Company include as a deduction to the Redemption Price as herein before provided all additional costs for redeeming Units outside Pakistan, including but not limited to a further amount sufficient to cover any Bank charges, currency exchange fluctuation and any additional stamp duty or taxation whether national, municipal or otherwise leviable in that country in respect of such payment or redemption.
- 28.3 The currency transaction of the Fund is the Pakistani Rupee and the Management Company, Trustee or any Distributor are not obliged to transact the issuance or redemption of the Units in any other currency and shall not be held liable, save as may be specifically undertaken by the Management Company, for receipt or payment in any other currency or for any obligation arising there from.

29 REMUNERATION OF DISTRIBUTION COMPANY / FACILITATOR

- 29.1 The remuneration of Distribution Companies and Investment Facilitators / Sales Agents or any person employed/ authorized by the Management Company to deal in sale/ repurchase of Units of the Fund shall be paid by the Management Company as per their agreed terms from its own resources (out of Sales Load/ Management fee) and no charges shall be made against the Trust Property or the Distribution Account in this respect. If the Sales Load received by the Trustee is insufficient to pay the remuneration of the Distributors and Investment Facilitators, the Management Company shall pay the amount necessary to pay in full such remuneration.
- 29.2 A Distributor/ Facilitator located outside Pakistan may if so authorized by the Trustee and the Management Company retain such portion of the Front-end Load as is authorized by the Management Company and transfer the net amount to the Trustee, subject to the law for the time being in force.

30 TYPES OF ADMINISTRATIVE PLAN(S) / CLASSES/TYPES OF UNITS

The Management Company may announce different plans under different administrative arrangements with different Front-end / Back-end load which may also vary as provided in the Offering Document or the Supplementary Offering Document. Consequently the Offer/Redemption Price(s) may differ for Units issued under differing administrative arrangements.

31 TRANSFER OF UNITS

- 31.1 Every Unit Holder shall be entitled to transfer the Units held by him by an instrument in such form as the Management Company may prescribe from time to time with the approval of the Trustee.
- 31.2 Every instrument of transfer must be signed by both the transferor and the transferee and the transferor shall be deemed to remain the Holder of the Units transferred until the name of the transferee is entered in the Register in respect thereof.
- 31.3 A Certificate must be transferable only in its entirety.
- 31.4 Every instrument of transfer must be duly completed in all respects including affixation of transfer stamps of the requisite value and sent to the Transfer Agent or to the Distribution Company for forwarding to the Transfer Agent.
- 31.5 Where Certificates have been issued the Trustee may dispense with the production of any Certificate where the Certificate shall have become lost, stolen or destroyed subject to compliance by the transferor with the like requirements to those arising in the case of an application by him for the replacement thereof as provided in clause 36 of this Deed.
- 31.6 All original instruments of transfer shall be retained by the Transfer Agent with a copy to the Distribution Company and the Management Company if so required.
- 31.7 The Distribution Company / Transfer Agent with the prior approval of the Management Company shall be entitled to destroy all instruments of transfer or the copies thereof as the case may be which have been registered at any time after the expiration of twelve years from the date of registration thereof and all Certificates

which have been cancelled at any time after the expiration of ten years from the date of cancellation thereof and all registers, statements and other records and documents relating to the Trust at any time after the expiration of ten years from termination of the Trust. The Trustee or the Management Company or the Distribution Company / Transfer Agent shall be under no liability whatsoever in consequence thereof and it shall conclusively be presumed in favour of the Trustee or the Management Company or the Distribution Company / Transfer Agent that every instrument of transfer so destroyed was a valid and effective instrument duly and properly registered by the Trustee or the Management Company or the Distribution Company / Transfer Agent and that every Certificate so destroyed was valid Certificate duly and properly cancelled. Provided always that:

- (i) The provisions aforesaid shall apply only to the destruction of a document in good faith and without notice of any claim (regardless of the parties thereto) to which the document may be relevant;
- (ii) Nothing in this sub-clause shall be construed as imposing upon the Trustee or the Management Company or the Distribution Company / Transfer Agent any liability in respect of the destruction of any document earlier than as aforesaid or in any case where the conditions of provision 31.7(i) above are not fulfilled; and
- (iii) Reference herein to the destruction of any document includes reference to the disposal thereof in any manner.

32 PLEDGE / LIEN OF UNITS

- 32.1 Any Unit Holder may request the Transfer Agent to record pledge / lien on all or any of his Units as security for any debt to any third party. The Transfer Agent shall take a note of the pledge / lien charge in his record, whether the Certificate has been issued or not, provided sufficient evidence of pledge to the satisfaction of the Management Company, Trustee and the Transfer Agent along with a joint request from the Unit Holder and the pledgee is submitted on the standard application form, as given in the Offering Document. None of these parties, the Trustee, the Management Company, or the Transfer Agent, shall be liable for ensuring the validity of any such pledge / charge / lien. The disbursement of any loan against the constitution of such pledge/lien/charge shall be at the entire discretion of the lender and neither the Trustee nor the Management Company and the Transfer Agent take any responsibility in this matter.

- 32.2 Save any legal bar or court order requiring otherwise, any dividends that are declared on the pledged Units shall be made to the order of the Unit Holder. However, any units issued on reinvestment or bonus Units that the pledged Units are entitled to automatically be marked under the lien of the lien holder and in the event the pledged Units are redeemed for any reason whatsoever, the proceeds shall be paid to the order of the lien holder.
- 32.3 The lien on the pledged Units shall continue till such time it is released by the lien holder in writing.
- 32.4 In case Units are recorded in the central depository register as book-entry securities, the provisions of the Central Depositories Act, 1997 and the Central Depository Company of Pakistan Limited Regulations shall be applicable.

33 REGISTER OF UNIT HOLDERS

- 33.1 The Register shall be maintained by the Management Company or if appointed, by the Transfer Agent at such a place as is agreed by the Management Company. The Management Company shall ensure that the Transfer Agent shall comply with all relevant provisions of the Constitutive Documents and the Rules / Regulations.
- 33.2 The Management Company shall ensure that the Transfer Agent shall at all reasonable times during business hours give the Trustee and its representatives access to the Register and to all subsidiary documents and records or certified copies thereof and to inspect the same with or without notice and without charge but neither the Trustee nor its representatives shall be entitled to remove the Register or to make any entries therein or alterations thereto, except when the Register is closed in accordance with the provisions of this Deed, the Register shall during business hours (subject to such restrictions as may be mentioned in the Offering Document and for a period of at least two hours in each Business Day) be open in legible form to the inspection of any Unit Holder without charge.
- 33.3 The Register shall contain the following information:
- (a) Full names, father's/ husband's names and addresses of each Unit Holder and joint Holders;

- (b) Nationality
- (c) National Identity Card Number, Registration Number or any other Identification Number.
- (d) The number of Units held and Certificate number, if any;
- (e) The date on which the name of every Unit Holder was entered in respect of the Units standing in his name;
- (f) The date on which any transfer or redemption is registered;
- (g) Information about lien / pledge / charge on Units;
- (h) Tax / Zakat status of the Unit Holder;
- (i) Record of signature of Unit Holder;
- (j) Information about verification of redemption / transfer Forms;
- (k) Nominee; and
- (l) Such other information as the Management Company may require.

33.4 The Register shall be conclusive evidence as to the Units held by each Holder.

33.5 Any change of name or address of any Unit Holder shall forthwith be notified in writing to the Distribution Company or Transfer Agent. The Distribution Company will forward such application to Transfer Agent, who on being satisfied therewith and on compliance with such formalities (including in the case of a change of name the surrender of any Certificate previously issued to such Holder and the payment of the fee) shall alter the Register or cause it to be altered accordingly and in the case of a change of name shall issue a new Certificate if required to such Holder.

33.6 The Transfer Agent shall not register more than four joint Holders for a Unit (Principal along with three joint holders). In case of the death of any one of the joint Holders the survivor or survivors shall be the only persons recognized by the Trustee and Management Company as having any title to or interest in the Units held by the joint Holder.

33.7 A body Corporate may be registered as a Holder or as one of the joint Holders.

33.8 The Register may be closed in consultation with the Trustee for such period as the Management Company may from time to time determine and after giving at least seven days notice to Unit Holders, provided that it is not closed for more than forty-five days in any calendar year.

- 33.9 The Unit Holder shall be the only person to be recognized by the Trustee and the Management Company as having any right, title or interest in or to such Units and the Trustee and the Management Company may recognize the Unit Holder as the absolute owner thereof and shall not be bound by any notice to the contrary and shall not be bound to take notice of or to see to the execution of any trust except where required by any court of competent jurisdiction. However, the Management Company may authorize the Transfer Agent to record a pledge on any or all Units held by a Holder in favor of a third party at the request of such Holder or joint Holders as the case may be in accordance with clause 32 of this Deed.
- 33.10 The executors or administrators or succession Certificate holder of a deceased Unit Holder (not being one of several joint Holders) shall be the only persons recognized by the Trustee and the Management Company as having title to the Units represented thereby.
- 33.11 Any person becoming entitled to a Unit in consequence of the death or Bankruptcy / insolvency of any sole Unit Holder or of the survivor of joint Unit Holders may subject to as hereinafter provided upon producing such evidence as to his title as the Trustee shall think sufficient either be registered himself as Holder of such Unit upon giving the Management Company / Trustee / Distribution Company such notice in writing of his desire or transfer such Unit to some other person. All the limitations, restrictions and provisions of this Deed relating to transfer shall be applicable to any such notice or transfer as if the death or Bankruptcy/insolvency had not occurred and such notice or transfer was a transfer executed by the Unit Holder.
- 33.12 The Trustee shall retain any moneys payable in respect of any Unit of which is/ are under the process of transmission of Units herein before contained entitled to be registered as the Holder or which any person under those provisions is entitled to transfer, until such person shall be registered as the Unit Holder of such Unit or shall duly transfer the same.
- 33.13 The Transfer Agent shall, subject to any law in force, ensure at all times and shall endeavour to implement prudent practices to ensure that the Register or the information contained therein of all or any particular Unit Holder(s) is not provided to any third party without expressed permission from the Management Company or the Trustee or the Unit Holder(s) himself, unless any disclosure is required in compliance with any

applicable laws, rules and regulations or where such disclosure is required by an appropriate court or competent authority.

34 ACCOUNT STATEMENT

- 34.1 Units will be issued in registered, uncertificated form and will be confirmed to investors by means of an Account Statement issued within 15 Business Days after the Units have been issued by the Transfer Agent.
- 34.2 Upon being satisfied that the Offer Price for each Unit has been received in full from the applicant, the Transfer Agent shall issue an Account Statement that will constitute evidence of the number of Units registered in the name of the Holder.
- 34.3 The Transfer Agent will send directly to each Unit Holder a non transferable Account Statement each time there is a transaction in the account, i.e., Units are:
- (a) Issued / subscribed;
 - (b) redeemed;
 - (c) transferred in favour of third person;
 - (d) transferred from third person;
 - (e) consolidated / split; and
 - (f) Additional Units are issued against bonus or re-Investment of dividend.

Account Statement will be posted within fifteen Business Days after each relevant transaction.

35 UNIT CERTIFICATES

- 35.1 Certificates shall be issued only if so requested by the Unit Holder at the time of application or at any later stage and upon payment of the prescribed fee. The proceeds of such fee will accrue to the Management Company.
- 35.2 Certificates shall only be issued for Units that have been fully paid, in such denomination as may be required by the Unit Holder.
- 35.3 Certificates where requested shall be issued as herein provided not later than twenty one Business Days after the date of such request. The Certificate may be sent to the

Unit Holder or his duly authorized nominee at his own risk by registered post, by courier service or may be collected by the Unit Holder from the Distribution Company.

- 35.4 In the case of Units held jointly, the Transfer Agent shall not issue more than one Certificate for the Units held by such joint Unit Holders and delivery of such Certificate to the Unit Holder named first therein shall constitute sufficient delivery to all joint Unit Holders. All payments required under this Deed (i.e. redemption and dividend) will be made to first named joint Unit Holder.
- 35.5 Certificates shall be issued in such form as may from time to time be agreed between the Management Company and the Trustee. A Certificate shall be dated, shall bear the registration number, shall bear the name and address of the Management Company and the Trustee, shall bear a serial number and shall specify the number of Units represented thereby and the name and address of the Unit Holder as appearing in the Register.
- 35.6 Certificates may be engraved or lithographed or printed as the Management Company may determine from time to time with the approval of the Trustee and shall be signed on behalf of the Trustee by duly authorized officer(s) of the Trustee and on behalf of the Management Company by duly authorized officer(s) of the Management Company. Every such signature shall be autographic unless there shall be for the time being in force, an arrangement authorized by the Trustee adopting some lithographic or other mechanical method of signature in which event all or any of such signatures may be effected by the method so adopted. The Certificates shall also bear the signature of the authorized representative of the Transfer Agent, which shall always be autographic. No Certificate shall be of any force or effect until signed as herein above-mentioned notwithstanding that before the date of delivery thereof the Trustee or the Management Company or the Transfer Agent or any person whose signature appears thereon as a duly authorized signatory may have ceased to be the Trustee, Management Company, Transfer Agent or an authorized signatory.

36 REPLACEMENT OF CERTIFICATES

- 36.1 Subject to the provisions of this Deed and in particular to the limitations of the denominations of Certificates as may be fixed by the Management Company and subject to any Regulations from time to time made by the Trustee with the approval

of the Management Company every Unit Holder shall be entitled to exchange upon surrender of the existing Certificate any or all of his Certificates for one or more Certificates of such denominations as the Unit Holder may require representing the same aggregate number of Units.

36.2 In case any Certificate shall be lost, stolen, mutilated, defaced or destroyed, the Transfer Agent with the approval of the Management Company may issue to the person entitled new Certificate in lieu thereof. No such new Certificate shall be issued unless the applicant shall previously have:

- i. Returned the mutilated or defaced Certificate or furnished the Distribution Company/Transfer Agent evidence satisfactory to the Management Company of the loss, theft or destruction of the original Certificate;
- ii. Paid all expenses incurred in connection with the investigation of the facts and any notice to be issued in the newspaper inviting any claim (if any) against the lost Certificate to be notified to the management Company, Trustee or Transfer Agent;
- iii. In the case of joint Holders, obtained the written consent of the joint Holders for issuance of such new Certificates; and
- iv. Furnished such indemnity as the Management Company and the Trustee may require. Neither the Management Company nor the Trustee nor the Distribution Company/Transfer Agent shall incur any liability for any action that they may take in good faith under the provisions of this sub-clause.

36.3 Before the issuing of any Certificate under the provisions of this sub-clause the Distribution Company/Transfer Agent may require from the applicant for the Certificate the payment to it, of the prescribed fee each Certificate together with a sum sufficient in the opinion of the Management Company to cover any Duties and Charges payable in connection with the issue of such Certificate.

37 ARBITRATION

In the event of any disputes arising out of this Trust Deed or Offering Document between the Management Company on the one part and the Trustee on the other part, including as to the respective rights and obligations of the Parties hereto, as well as those relating to the interpretation of the terms and the conditions of this Trust Deed, Offering Document and/ or the Supplementary Trust Deed, Supplemental Offering Documents, relating to the Unit Trust, the same shall be referred to

arbitration by two arbitrators, one to be appointed by the Management Company and the other to be appointed by the Trustee. In the event of lack of consensus between the two arbitrators, the matter shall be referred to an umpire, to be selected by the two arbitrators before the commencement of the reference. The unanimous decision of both the arbitrators or the decision of the umpire, as the case maybe, shall be final and binding upon both the parties. The arbitrators and the umpires shall be selected from amongst, senior partners of renowned firms of chartered accountants, of senior partners of renowned law firms, or senior Bankers or senior businessmen or senior executives. The venue of the arbitration shall be Karachi. The arbitration shall be conducted in accordance with the Arbitration Act, 1940.

38 CONFIDENTIALITY

The Trustee and the Management Company and every director or officer of the Trustee and the Management Company who are in any way engaged in the business of the Trust and all persons employed or engaged by the Trustee or the Management Company in connection with the business of the Trust shall observe strict confidentiality in respect of all transactions of the Trust, its Unit Holders and all matters relating thereto and shall not disclose an information or document which may come to his knowledge or possession in the discharge of his duties except when required to do so in the ordinary course of performance of his duties or by law.

39 MISCELLANEOUS

39.1 Any notice required to be served upon the Unit Holder shall be deemed to have been duly served if sent by registered post/ courier to or left at his address as appearing in the Register. Any notice so served by registered post/ courier shall be deemed to have been served on the day following that on which the letter containing the same is posted, and in proving such service it shall be sufficient to prove that such letter was properly addressed, stamped and posted.

- (a) The Management Company shall advertise any such notice as provided in this Deed.
- (b) Service of a notice or document on any one of several joint Unit Holders shall be deemed effective service on the other joint holders
- (c) Any notice or document sent by post/ courier to or left at the registered address of a Unit Holder shall notwithstanding that such Unit Holder be then deceased or

Bankrupt and whether or not the Trustee or the Management Company have notice of his death or Bankruptcy be deemed to have been duly served and such service shall be deemed a sufficient service on all persons interested (whether jointly with or as claiming through or under him) in the Units concerned.

39.2 A copy of this Deed and of any such supplemental Deed shall be made available for inspection at the respective Head Offices of the Trustee and of the Management Company at all times during usual business hours, also available at the website of the management company and shall be supplied by the Management Company to any person on application at the prescribed charges.

39.3.1 The Management Company may from time to time with the consent of the Trustee frame operational procedures for conducting the business of the Trust or in respect of any other matter incidental thereto; provided such operational procedures are not inconsistent with the provisions of the Constitutive Documents and the Rules.

If at any time, any clause of this Trust Deed is or becomes in whole or in part illegal, invalid or unenforceable in any respect under the laws of any jurisdiction, the legality, validity and enforceability of the remaining clauses of this Trust Deed hereof, shall not in any way be effected or impaired thereby

40 DEFINITIONS

Unless the context requires otherwise the following words or expressions shall have the meaning respectively assigned to them:

- 40.1 **“Accounting Date”** means the thirtieth day of June in each year and any interim date at which the financial statements of the trust are drawn up, provided that the Management Company with the written consent of the Trustee and after obtaining approval from the Commission and the Commissioner of Income tax, change such date to any other date
- 40.2 **“Accounting Period”** means a period ending on and including Accounting Date and commencing (in case of the first such period) on the date of commencement of Initial Public Offer and in any other case from the end of the preceding Accounting Period.
- 40.3 **“Account Statement”** means statement of transactions in Units in the Unit Holder’s Account.
- 40.4 **“Administrative Plans”** means Investment plans offered by Management Company, where such plans allow investors a focused Investment strategy in any one or a combination of unit trust schemes managed by the Management Company and for which the Trustee is appointed as the Trustee.
- 40.5 **“Auditor”** means the Auditors of the Trust appointed by the Management Company with the consent of the Trustee as per the Rules.
- 40.6 **“Authorised Branch”** or **“Branches”** means those Branches of the Distributors authorized by the Management Company to perform the Distribution Function.
- 40.7 **“Authorized Investment”** includes the following:-
- Listed Equity Securities;
 - Secured/ Unsecured listed/unlisted or likely to be listed debt securities issued by local govts., or other govt. agencies, private or public sector entities and or financial institutions having a minimum investment grade rating;
 - Convertible listed/unlisted Securities

- Money Market Instruments including Certificates of Deposit, Certificate of Investments, and any other type of placement or money market transaction
- Debentures and Debenture Stocks;
- Global Depository Receipts and American Depository Receipts
- Islamic / interest free instruments such as Sukuk bonds, Musharika certificates, Modaraba Certificates /structures based securities, Ijara certificates and Morarbah arrangements or any other Islamic mode of financing
- Government of Pakistan Investment Bonds, Federal Investment Bonds, Treasury Bills and other Federal Government Securities;
- Long, medium and short term deposits with Commercial Banks;
- Long, medium and short term deposits in foreign Currencies with Commercial Banks after prior approval of the applicable regulatory authorities;
- Certificates of Investment/Deposits issued by financial institutions;
- Units in any other open-end unit trust Scheme and closed schemes if allowed by Regulations;
- Commercial papers and credit linked notes (subject to prior written approval of the Commission);
- Asset-backed or mortgage-backed debt securities and all other securities traded in the Over the Counter markets if allowed by Regulations;
- Spread transaction, aimed at earning a spread in the prices of securities resulting from timing and pricing difference between ready and future settlement of locally listed securities and also between GDR's issued by local entities and its local shares equivalent. The fund may buy in a security in the ready settlement market and sell in future settlement market and reverse thereof (including unwinding of transactions). Such transactions to be carried out simultaneously to the extent possible so as to avoid any risk emanating from the movements in the prices of underlying securities ;
- Reverse Repurchase transaction against eligible Securities as notified by the Commission/Stock Exchange;
- CFS (Continuous Funding System); Mark II or any such replacements by whatever name called with necessary Commission approval subject to restrictions as imposed in the Offering Documents or Regulation or such restriction imposed by the Commission from time to time through directions
- Any other security and/or instruments that may be allowed by the Commission, the Rules / Regulations or any other regulatory authority from time to time.

- Investments in overseas products/ instruments in accordance with prescribed guidelines of Commission and State Bank of Pakistan and subject to such cap as may prescribed by Commission/SBP, from time to time; and.
- Derivative instruments such as warrants, options, subject to prior approval of Commission. The Investment in this asset class will be for hedging purposes only and subject to such other terms and conditions as may be notified by the Commission from time to time.
- The Investment in asset classes mentioned aforesaid will be subject to such exposure limits and minimum ratings as specified in the Offering Document.

40.8 **“Back-end Load”** means a processing charge deducted from the Net Asset Value in determining the Redemption Price.

40.9 **“Bank”** means a Banking company licensed under the Banking Companies Ordinance, 1962 or any other regulation for the time being in force and shall include a Bank incorporated outside Pakistan and carrying on Banking Business in Pakistan as a scheduled Bank.

40.10 **“Bank Accounts”** means those accounts of the Fund the beneficial ownership of which rests in the Unit Holder(s).

40.11 **“Broker”** means any person engaged in the business of effecting transactions in securities for the account of others or a member Stock Exchange.

40.12 **“Business Day”** means a day on which Scheduled Banks, Stock Exchanges and authorized offices of Distribution Companies or Asset Management Company are open for business in Pakistan.

40.13 **“Continuous Funding System (CFS)”** means a form of financing through the Stock Exchange consisting of two simultaneous transactions, the first for purchase of an underlying security (shares) on the following scheduled settlement date for the security and the second for selling back the security for a subsequent settlement date.

40.14 **“Certificate”** means the definitive Certificate acknowledging the number of Units registered in the name of the Unit Holder issued at the request of the Unit Holder pursuant to the provisions of this Deed.

- 40.15 “**Companies Ordinance**” means the Companies Ordinance, 1984, as amended from time to time.
- 40.16 “**Commission**” means the Securities and Exchange Commission of Pakistan, established under section 3 of the Securities and Exchange Commission of Pakistan Act, 1997.
- 40.17 “**Connected Person**” shall have the same meaning as in the Regulations.
- 40.18 “**Constitutive Document**” means the Trust Deed that is the principal document governing the formation, management or operation of the Trust, the Offering Document and all material agreements in relation to the Trust.
- 40.19 “**Contingent Load**” means load deductible on redemption of Units within a certain number of years from the date of purchase and/ or at a rate declining for every year Units are held. The load so deducted shall form part of the Deposited Property.
- 40.20 “**Core Investors**” means the initial investors who shall be required to subscribe to the number of Units of the aggregate Par Value as prescribed in the Rules and to hold the same for a minimum period of two years from the date of close of Initial Offer Period.
- 40.21 “**Core Units**” means such Units of the Trust that are issued to Core Investors with the condition that these are not redeemable for a period of two years from the close of Initial Offer Period. However, such Units are transferable and shall rank pari passu with all other Units save for this restriction. Any transfer of these Core Units, during the first two years of their issue, shall be affected only on the receipt by the Transfer Agent of a written acceptance of this condition by the Transferee.
- 40.22 “**Custodian**” includes Bank(s) or such other company as may be approved by the Commission to act as a Custodian, which may be appointed by the Trustee with the approval of the Management Company to hold and protect the Trust Property or any part thereof as Custodian on behalf of the Trustee; the Trustee may also itself, provide custodial services for the Trust at competitive terms.

- 40.23 **“Deposited Property”** or **“Trust Property”** means the aggregate proceeds of the sale of all Units at Offer Price after deducting therefrom or providing thereout any applicable Front end Load and Duties and Charges and includes the Investment and all income, profit and other benefits arising therefrom and all cash and other assets and property of every description for the time being held or deemed to be held upon trust by the Trustee for the benefit of the Unit Holders pursuant to this Deed but does not include any amount standing to the credit of the Distribution Account.
- 40.24 **“Distribution Account”** means the account (which may be a current with or without profit, saving or deposit account) maintained by the Trustee with a Bank, approved by the Management Company in which the amount required for the distribution of income to the Unit Holders shall be transferred and held till such time until the entire amount of dividend is distributed.
- 40.25 **“Distributor / Distribution Company”** means a person, company, firm or a Bank appointed by the Management Company for performing any or all of the Distribution Functions and shall also include the Management Company itself, if it performs the Distribution Function.
- 40.26 **“Distribution Function”** means with regard to:
- (a) Receiving applications for issue of Units together with the aggregate Offer Price for Units applied for by the applicants;
 - (b) Issuing of receipts in respect of (a) above;
 - (c) Issuing Units to the applicants as may be allowed by the Management Company;
 - (d) Interfacing with and providing services to the Holders including receiving redemption applications, transfer applications, conversion notices and applications for change of address or issue of duplicate Certificates for immediate transmission, in accordance with the instructions given by the Management Company; and
 - (e) Accounting to the Management Company for all (1) moneys received from the applicants for issuance of Units; (2) payments made to the Holders on redemption of Units; and (3) expenses incurred in relation to the Distribution Function.
- 40.27 **“Duties and Charges”** means in relation to any particular transaction or dealing all stamp and other duties, taxes, Government charges, Brokerage, Bank charges,

transfer fees, registration fees and charges in connection with the issue or sale, transfer, redemption or purchase of Units or the sale or purchase of Investments or in respect of the issue, transfer, cancellation or replacement of a Certificate or otherwise which may have become or may be payable in respect of or prior to or upon the occasion of the transaction or dealing in respect of which such duties and charges are payable but do not include the remuneration payable to the Distribution Company or any Commission payable to agents on sales and redemption of Units or any charges or costs which may have been taken into account in ascertaining the Net Asset Value.

40.28 **“Formation Cost”** means all preliminary and floatation expenses of the Trust including expenses in connection with authorization of the Scheme, execution and registration of the Constitutive Document, issue, circulation and publication of the Offering Document and all expenses incurred during the period leading up to Initial Offer Period.

40.29 **“Front-end Load”** means the Sales Load that is included in the Offer Price of Units.

40.30 **“Government Securities”** means securities and other instruments issued and to be issued by any Federal or Provincial Government or Municipal Bodies of the Islamic Republic of Pakistan and/or State Bank of Pakistan, including but not limited to Federal Investment Bonds, Pakistan Investment Bonds, Treasury Bills and any securities/ instruments replacing or substituting the foregoing from time to time.

40.31 **“Holder”** or **“Unit Holder”** means the investors for the time being entered in the Register as owner of a Unit, including investors jointly so registered pursuant to the provisions of this Deed.

40.32 **“Initial Period”** or **“Initial Offer Period”** means a period determined by the Management Company not exceeding fifteen calendar days during which Units will be offered at the Initial Price in terms of the Offering Document.

40.33 **“Initial Price”** means the price per Unit during the Initial Offer Period determined by the Management Company.

40.34 **“Investment”** means any Authorized Investment forming part of the Trust Property.

- 40.35 **“Investment Facilitator / Sales Agents”** means an individual, firm, corporate or other entity appointed by the Management Company to identify, solicit and assist investors in investing in the Scheme.
- 40.36 **“Net Assets”** shall have the same meaning as in the Rules.
- 40.37 **“Net Asset Value”** or **“NAV”** means per Unit value of the Trust arrived at by dividing the Net Assets by the number of Units outstanding.
- 40.38 **“Offer Price”** means the sum to be paid to the Trustee for issuance of one Unit, such price to be determined pursuant to clause 11.1 of this Deed.
- 40.39 **“Offering Document”** means the prospectus, advertisement or other document (issued by the Management Company with written consent of the Trustee and approved by the Commission), which contains the Investment and distribution policy and all other information in respect of the Scheme, as, required by the Rules and is circulated to invite offers by the public to invest in the Unit Trust.
- 40.40 **“Online”** means transactions through electronic Data Interchange whether real-time transactions or otherwise which may be through the internet, intranet networks and the like.
- 40.41 **“Ordinance”** means the Companies Ordinance 1984, as amended from time to time.
- 40.42 **“Par Value”** means the face value of a Unit that shall be Rs.100/= (Rupees one hundred) or such other amount as may be determined by the Management Company in consultation with the Trustee.
- 40.43 **“Redemption Price”** means the amount to be paid to the relevant Unit Holder of a Unit upon redemption of that Unit, such amount to be determined pursuant to clause 11.3 of this Deed.
- 40.44 **“Register”** means the Register of the Unit Holders kept pursuant to the Rules and this Deed.

40.45 **“Registrar Functions”** means the functions with regard to:

- (a) Maintaining the Register;
- (b) Receiving application for redemption and transfer/ transmission of Units directly from Holder or legal heirs or through Distributor;
- (c) Processing requests for issue, redemption, transfer and transmission of Units and requests for recording of pledge or for recording of changes in information/ particulars/ data with regard to the Unit Holders;
- (d) Issuing Account Statements to Unit Holders;
- (e) Issuing and dispatching of Unit Certificates to Unit Holders;
- (f) Dispatching income distribution warrants and / or Bank transfer intimation.
- (g) Cancelling old Certificates on redemption or replacement;
- (h) Maintaining record of lien/ pledge/ charge on units, transfer/switching of units, zakat; and
- (i) Keeping record of changes in addresses/ other particulars of the Unit Holders.

40.46 **“Relevant Date”** means the date on which the Management Company decides to distribute Income on Units.

40.47 **“Relevant Period”** means Accounting Period in respect of which income distribution for Units are proposed to be made by the Management Company.

40.48 **“Reporting Currency / Base Currency”** means the currency used in presenting the financial statements which will be the Pakistani Rupee.

40.49 **“Restricted Investments”** means

- (a) Bearer securities;
- (b) Securities on margin;
- (c) Securities which result in assumption of unlimited or undetermined liability (actual or contingent);
- (d) Commodities or commodity contracts; and
- (e) Real estate or interest in real estate save and except in securities which are secured by real estate or interests therein or issued by companies that invest in real estate or interest therein and are approved by the Management Company;

Any Investment, which is not an Authorized Investment as defined in Definition 40.7 of this Deed, provided such Investment has been approved by the Commission as Authorized Investment.

40.50 **“Rules”** mean the Non Banking Finance Company (Establishment and Regulation) Rules 2003, as amended from time to time.

40.51 **“Regulations”** means Non Banking Finance Companies and Notified Entities Regulations 2007.

40.52 **“Sales Load”** means the sales and processing charge or Commission (excluding Duties and Charges) not exceeding five percent (5%) of the Net Asset Value, (the exact percentage will be disclosed in the Offering Document), which may be included in the Offer Price of certain class of units or deducted from the Net Asset Value in order to determine the Redemption Price of certain classes of Units. The Management Company may apply different levels of Sales Load for different types of Units and/or for different types of Plans under the Fund.

40.53 **“Stock Exchange”** means Karachi Stock Exchange, Lahore Stock Exchange, Islamabad Stock Exchange or any other Stock Exchange registered under Securities and Exchange Ordinance 1969.

40.54 **“Subscription Day”** means every Business Day on which any class of Units are available for subscription provided that the Management Company may with the prior written consent of the Trustee, declare any particular Business Day not to be a Subscription Day.

40.55 **“Supplementary Offering Document”** means a document issued by the Management Company, with the consent of Trustee, after seeking approval of the Commission relating to any amendment or introduction of any Administrative Plans in the Offering Document.

40.56 **“Supplemental Trust Deed”** means a supplemental Deed executed between the Management Company and the Trustee with the approval of the Commission, describing any amendments made to the Trust Deed.

- 40.57 **“Transaction Cost”** means the cost incurred or estimated by the Management Company to cover the cost (such as but not restricted to, Brokerage, Trustee charges, taxes or levies on transactions, etc.) related to the investing or disinvesting activity of the Trust’s portfolio, inter alia, necessitated by creation or cancellation of Units, which costs may be added to the NAV for determining the Offer Price of Units or to be deducted from the NAV in determining the Redemption Price.
- 40.58 **“Transfer Agent”** means a partnership firm or company including a Bank that the Management Company may appoint for performing the Registrar Function. The Management Company may itself perform the Registrar Function.
- 40.59 **“Trust”, “Unit Trust”, “Fund” or “Scheme”** means the Unit Trust constituted by this Trust Deed for continuous offers for sale of Units.
- 40.60 **“Trust Deed” or “Deed”** means this Trust Deed executed between the Management Company and the Trustee.
- 40.61 **“Unit”** means one undivided share in the Trust and where the context so indicates a fraction thereof.

Words and expressions used but not defined herein shall have the meanings assigned to them in the Rules and Regulations. Words importing persons include corporations, words importing the masculine gender include the feminine gender, words importing singular include plural words, “written” or “in writing” include all means of visible reproduction.

IN WITNESS WHEREOF THIS DEED has been executed on the day and year first above written.

The Common Seal of Habib Asset Management Limited was hereunto affixed in the presence of:-

Seal	(1) _____	(2) _____
	Chief Executive Officer	Company Secretary

The Common Seal of Central Depository Company was hereunto affixed in the presence of: -

Seal	(1) _____	(2) _____
	Kamran Ahmed Qazi	
	Company Secretary	

WITNESSES:

_____	_____
Name of witness	Name of witness
NIC No.	NIC No.



**Securities and Exchange Commission of Pakistan
Specialized Companies Division**

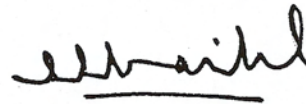
No. NBFC-II/ ²⁸ /HAML/AMS/ ¹⁶ /2008

Islamabad, May 30, 2008

**LICENCE TO CARRY OUT
ASSET MANAGEMENT SERVICES
AS NON-BANKING FINANCE COMPANY**

The Securities and Exchange Commission of Pakistan, having considered the application for grant of license to undertake **Asset Management Services** submitted by **Habib Asset Management Limited** under rule 5 of the Non-Banking Finance Company (Establishment and Regulation) Rules, 2003 as amended through S.R.O. 1131[1] 2007 { the "Rules" }, and being satisfied that it would be in the public interest so to do, in exercise of powers conferred by sub-rule 8 of rule 5 of the Rules, hereby grants the license to **Habib Asset Management Limited** to carry out **Asset Management Services** subject to the conditions stated herein below or as may be prescribed or imposed hereafter: -

1. **Habib Asset Management Limited** and the collective investment schemes under its management shall comply with the Companies Ordinance, 1984, the Rules, Non-Banking Finance Companies and Notified Entities, Regulations, 2007, and any directives, circulars, codes, notifications, and guidelines issued by the Commission;
2. **Habib Asset Management Limited** shall submit an annual report, together with a copy of the balance sheet and income and expenditure account and the auditors' report within three months of the close of its year of account and a half yearly report together with a copy of the balance sheet and income and expenditure account with limited scope review by the statutory auditors within two months of the close of its half year;
3. **Habib Asset Management Limited** shall not appoint any person as director on the Board of any other Non-Banking Finance Company holding license to carry out Asset Management Services or Investment Advisory Services; and
4. The license is valid for a period of one year w.e.f. April 25, 2008 and shall be renewable annually as specified in the Rules.



(SALMAN ALI SHAIKH)
Commissioner



**SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN
SPECIALIZED COMPANIES DIVISION
(NBFC DEPARTMENT)**

No.NBFC-II/VS/HAML 60/2008

Dated: August 11, 2008

Mr. Imran Azim
Chief Executive
Habib Asset Management Limited
1st Floor, Imperial Court,
Dr. Ziauddin Ahmed Road,
Karachi-75530

518
R. No. _____
Sub-Registrar-II
Saddar Town, Karachi

Subject: Approval of Trust Deed of Proposed First Habib Stock Fund

Dear Sir,

I am directed to refer to your letter dated July 30, 2008 whereby you have submitted the amended/revised Trust Deed of proposed First Habib Stock Fund confirming the changes proposed in the revised amended Trust deed to be executed between Habib Asset Management Limited (the "Management Company") and Central Depository Company of Pakistan Limited (the "Trustee") for approval.

In this regard, the Securities and Exchange Commission of Pakistan has no objection to the registration of the latest amended version of the Trust Deed of the proposed First Habib Stock Fund under the Trust Act, 1882. The clearance of the draft trust deed is without prejudice to the consequences of verifying compliance to the conditions stipulated in the license issued in favor of Habib Asset Management Ltd. and the requirements stipulated in the Non-Banking Finance Companies (Establishment & Regulation) Rules, 2003. You are also advised to submit the duly registered copy of the trust deed after having incorporated the following suggested changes; further action will be taken on receipt of the registered copy of the Trust Deed.

Clause 10.2.6: After the word "year" add the words "or as allowed in the Regulations".

Clause 11.1.2: After the word "security" in the first line, add the words "unlisted or" and at the end of the clause after the word "Association", add the words "or as allowed in the Regulations".

Yours truly,

Vinod Sistani
(Joint Director)

NIC Building, 63-Jinnah Avenue, Blue Area, Islamabad.

PABX: 9207091-4104-517 Fax: No. 9218790, E-mail: sec@secp.gov.pk

Annexure “C”

TARIFF STRUCTURE FOR OPEN END MUTUAL FUND

The Trustee remuneration shall consist of reimbursement of actual custodial expenses/ charges plus the following tariff:

Net Assets (Rupees in Millions)		TARIFF
From	To	
1	1,000	Rs. 0.7 million or 0.2% p.a. of NAV whichever is higher.
1,000	& above	Rs. 2.0 million plus 0.10% p.a. of NAV exceeding Rs. 1,000 million

518
Sub-Registrar-II
Saddar Town, Karachi

Annexure "D"



SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN
SPECIALIZED COMPANIES DIVISION
(NBFC DEPARTMENT)

619
No.NBFC-II/VS/HAML/ /2008

Dated: August 13, 2008

Mr. Imran Azim
Chief Executive
Habib Asset Management Limited
1st Floor, Imperial Court,
Dr. Ziauddin Ahmed Road, _____
Karachi-75530

131
R. No.

Sub-Registrar-II
Saddar Town, Karachi

Subject: Appointment of Central Depository Company as Trustee to First
Habib Stock Fund

Dear Sir,

I am directed to refer to your letter dated August 12, 2008 on the captioned subject and convey approval of the Securities and Exchange Commission of Pakistan for the appointment of Central Depository Company of Pakistan Limited as Trustee of the proposed First Habib Stock Fund in terms of Regulation 56 of the NBFC & NE Regulations, 2007.

Yours truly,

Vinod Sitani
(Joint Director)

